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D 8523A

GORBACHEV

The mild dictator identifies his enemies

Page 6

World News

Brussels and Bonn in war of words over Emu

A war of words on European monetary union (Emu) flared between Brussels and Bonn after the EC Commission criticised Germany for suggesting delay in the creation of a European central bank. Page 16

Warning to Georgia

President Mikhail Gorbachev has threatened to detach two ethnic regions from Georgia *unless nationalist leaders* sign a treaty with the Kremlin, Georgia's president said.

US official wounded

An unidentified gunman fired shots at three US government agency officials in a Berlin hotel, slightly wounding one, and exploded a grenade before escaping.

Rebels seize homes

Left-wing rebels seized and fortified four houses in an exclusive residential area of San Salvador close to President Alfredo Cristiani's mansion. Troops and police were trying to oust them.

Radiation leak

Radiation leaked from a nuclear waste testing facility at Tokai Mura, northeast of Tokyo. It was Japan's third nuclear accident in a month.

Aircraft grounded

India has for the second time grounded the entire fleet of 19 Westland-30 helicopters acquired from Britain under an aid grant in 1986. Page 7

UN accuses Burma

New evidence of torture and gross violation of human rights in Burma is provided in a report drawn up by the United Nations Commission on Human Rights. Page 7

Medellin massacre

Gunmen believed linked to drug dealers picked out nine young men playing football in a poor neighbourhood of Medillin and shot all of them dead.

Manila march halted

Thousands of protesters *demanding* the end of US military bases in the Philippines tried to march on the presidential palace in Manila but were stopped by troops.

Daley wins easily

Mayor Richard Daley scored an easy victory in Chicago's Democratic mayoral primary with 64 per cent of the vote. He is now set to be re-elected to office in the April 2 election. Photograph, Page 8

Sikhs rule out talks

Sikh leader Simranjit Singh Mann said killings by Indian security forces had wrecked any chance of talks to end a decade of separatist violence in Punjab.

Seven die in pile-ups

At least seven people were killed when *thick fog caused* a series of early morning pile-ups along the Paris to Lille motorway.

Awami League leads

The Bangladesh Awami League party took an early lead in the country's first free general elections for 20 years. Photograph, Page 7

Extradition sought

The US has asked Italy to extradite an Iraqi wanted for a bombing campaign against Israeli targets in New York in 1973.

French centre hit

An explosion damaged the French cultural centre in the northern Lebanese town of Tripoli. No casualties were reported.

Hot-blooded thief

A thief stole thousands of dollars worth of deer testicles and other supposed aphrodisiacs from a Hong Kong shop. The testicles sell for up to $500 each.

Business Summary

UK rate cut fuels share rise and poll speculation

UK government cut the bank base rate by a half percentage point to 13 per cent, the second cut in just a fortnight. However, only the timing of the cut – with its strong political implications – caught the markets, City and industry by surprise, having been well discounted in London's sterling, equity and bonds markets.

The subsequent fall in home loan rates reinforced an emerging mood of optimism among Tory MPs, underpinning speculation that Mr John Major, the *prime minister, will be* tempted to call a general election as early as this summer. Page 16; London Stock Markets, Page 27; Analysis, Page 11

GROUP of 36 international engineering and construction groups selected to bid for the first batch of repair and reconstruction contracts in Kuwait includes includes 12 US companies, 10 British, 10 Saudi Arabian, two French, one Kuwaiti and one Cypriot company. Page 16

MARKETS: In New York, the Dow Jones Industrial Average rose 12.13 at 1.30pm to 2,876.73 as demand for oil shares and stocks of companies likely to benefit from contracts to rebuild Kuwait pushed share prices higher. Frankfurt: DAX *index ended 7.28 higher at* 1,558.24 on steady domestic buying. In Tokyo, the Nikkei average closed 188.71 down at 26,094.25. Paris reversed early losses to end 1.1 per cent higher, with the CAC 40 index gaining 18.71 to 1,731.02 on turnover of FFr2.4bn. World Stock Markets, Back Page, Section II; Lex, Page 16

SOUTH Korea imposed high preliminary dumping duties of up to 108 per cent on one Japanese and two US companies for allegedly selling polyacethal resin on its domestic market at below their home market prices. Page 9

GENENTECH, US biotechnology company, filed a suit against SmithKline Beecham, charging that the Anglo-American pharmaceuticals company is falsely advertising the merits of its heart-attack drug, Eminase, in comparison with Genentech's competing drug, Activase. Page 19

SUMITOMO Rubber Industries, third-largest automobile tyremaker in Japan, posted an 8.4 per cent increase in unconsolidated pre-tax profits in 1990 to Y11.75bn ($90m). Page 20

MITSUBISHI Corporation, Japanese trading house, has bought a 90 per cent stake in Colourgraph, UK research and development venture firm, from an Irish company, for £225,000 ($445,500). Page 20

HONG KONG Aircraft Engineering Company (Haeco), aircraft maintenance operator controlled by the Swire Pacific group and its Cathay Pacific Airways subsidiary, has bought a 29.1 per cent stake in Asta Aircraft Services (Astaas). Page 20

CANADIAN government proposed a controversial system of tax credits and levies to encourage pension funds to invest a larger slice of their assets in equities, rather than debt securities. Page 21

LONDON Fox, futures and options exchange, is set to launch a property futures market on May 9. Page 21

RJR Nabisco: more than two-thirds of a $124m Swiss bond issue from the US food giant which was subject of a $1.4bn leveraged buy-out by Kohlberg Kravis Roberts in 1988, has been put back to the company. Page 21

BELGIUM is to write off $7.6m of debt owed by Kenya. Belgium's ambassador to Kenya, Ms Cristina Funes-Noppen, said the decision was taken in a programme aimed at easing economies of Third World

Fighting continues as Washington rejects Iraq's latest ceasefire concessions

Allies pound trapped Guard units

By Tony Walker in Riyadh and David White and Robert Graham in London

THE BATTERED remnants of President Saddam Hussein's best military forces were last night surrounded and under relentless attack in southern Iraq and northern Kuwait.

General Norman Schwarzkopf, US commander of the allied forces, said with grim determination in Riyadh: "The gates are closed... there are no ways out."

He echoed statements from Washington rejecting Iraq's latest ceasefire concessions, vowing that fighting would continue until Iraqi troops abandoned all their weapons and equipment and surrendered.

Allied forces were still locked in fierce combat with the equivalent of two Republican Guard divisions left out of the five which were defending the northern Kuwait border.

The Republican Guard, pillar of Mr Saddam's regime, was trapped by a cordon of allied armour across the southern Iraqi desert and the physical *barrier of the River Euphrates.* All nearby bridges across the Euphrates were down. Iraqi units fleeing from Kuwait City, which yesterday was formally liberated, were blocked on the road to Basra.

The extent of the rout was underlined when Gen Schwarzkopf said more than 50,000 Iraqi prisoners had been taken in four days of ground fighting. He said the coalition forces had rendered "combat ineffective" 29 of the 41 divisions Iraq had deployed in and around Kuwait.

More than 3,000 Iraqi tanks had been knocked out and the allied commander expected a further 700 to be destroyed in the battle raging last night between the Republican Guard and allied armoured divisions. Iraq began the war with about 4,300 tanks in the Kuwait region.

He described allied casualties of 28 killed in ground fighting as "miraculously" light. Britain lost nine soldiers when two US A-10 tank-busting aircraft mistakenly hit two armoured vehicles in an advancing British column.

Earlier, a British military spokesman said the attack occurred on Tuesday and the incident was now under investigation. "The cruel fact of war is that no matter how many procedures you put in place this sort of incident happens," the spokesman said.

The number of Britons killed in action since the ground offensive was launched on Sunday is 13 with 10 wounded. This compares with about 55 American war dead, including 28 killed in the Scud missile attack on a barracks near Dhahran. In the first public acknowledgement by a senior allied commander of the extent of Iraqi casualties, Gen Schwarzkopf said: "There were a very, very large number of dead... a very, very large number."

Military analysts, however, said that with total air superiority and a surrounded and routed adversary, casualties were likely to be very high.

Although Operation Desert Storm launched on January 17 appeared last night to have achieved its prime objective with the liberation of Kuwait, Gen Schwarzkopf said the remaining aim was to "put the Republican Guard out of business". *This included the capture of its equipment, the most* sophisticated in the entire Iraqi ground forces.

Mr Dick Cheney, US defence secretary, said yesterday he hoped the fighting could be concluded in "a few days". He also reiterated the aim to destroy Iraq's offensive military capacity.

He observed that Mr Saddam's boast to wage "the mother of all battles" had been turned into "the mother of all retreats".

Mr Cheney added: "But even after we've achieved our military objectives, even after we've destroyed (Saddam's) offensive military capability and expelled his forces from Kuwait, liberated Kuwait, the world will still be vitally interested in the future course of events with respect to the kinds of activities and policies pursued by the government in Baghdad."

Gen Schwarzkopf denied that the allies had any intention to go to Baghdad. He pointed out that the highly successful allied flanking movement had brought armour within 150 miles of the Iraqi capital. "There was nothing between us and Baghdad". They would have been able to go into Baghdad "unopposed", he claimed.

Attacks by bombers and missiles on Baghdad continued yesterday.

Continued on Page 16

■ Kuwaitis rejoice amid the ruins of their capital............ Page 16
■ Bidders selected for first reconstruction contracts ....Page 16

Hoisting the flag: a jubilant Kuwaiti City inhabitant welcomes Kuwaiti army armoured vehicles yesterday

US, Britain reject latest offer on UN resolutions

THE US and Britain yesterday rejected Iraq's latest offer to accept several United Nations resolutions to end the Gulf war in exchange for a ceasefire, stressing that they still fell "far short" of allied demands, report Peter Riddell in Washington, Robert Mauthner in London and Michael Littlejohns in New York.

The two governments were responding to a statement by Iraq's ambassador to the UN, Abdul al-Anbari, before he attended a closed-door session of the UN Security Council, that his government had decided "at the highest level to abide by all the resolutions," *and to a letter from Iraqi foreign minister Mr Tariq Aziz to* the Security Council.

However, Mr Marlin Fitzwater, White House spokesman, said the US had been informed by the Soviet Union that Iraq had given conditional acceptance to only three of the 12 Security Council resolutions dealing with the Gulf crisis.

Mr Aziz had indicated in his letter that Iraq was accepting only those resolutions that demanded an immediate and unconditional withdrawal of Iraqi forces from Kuwait, that Iraq should formally rescind its annexation of Kuwait and that it should accept liability for loss, damage or injuries in regard to its action in Kuwait, Mr Fitzwater said.

But Iraq *had specifically* rejected three resolutions which called for economic sanctions, an air and sea *blockade and an ending to* sanctions against foreign embassies and diplomats. "So they still have not accepted all the resolutions and *terms* set forth by the coalition. This is still a conditional offer and falls far short of what is necessary," Mr Fitzwater said.

The British government's response was equally categorical. Mr John Major had made clear in the House of Commons on Tuesday what the essential conditions of a ceasefire were, the Foreign Office said.

These conditions included not only that Iraq should "publicly and explicitly" accept all the Security Council resolutions on the Gulf crisis but that "Iraqi forces in the theatre of operations, those occupying and those supporting the occupation of Kuwait, should abandon their weapons, their equipment and withdraw."

Moreover, it was up to the Security Council, not Iraq, to decide when its resolutions were no longer valid.

"There is no question of us dropping sanctions against

Continued on Page 16

GULF WAR

Page 2
■ Allies wipe out cream of Saddam's armour
■ Baghdad power supply may take year to restore
Page 3
■ Kuwait reconstruction cost put at $500bn
■ National Bank of Kuwait expects to play pivotal role
■ Indian companies say Iraq owes $600m
Page 4
■ Jubilation gives way to soul-searching
■ US plan aims for earliest possible pullout
■ After the war, monitoring the peace
■ War debate deepens Soviet political divide
UK opposition policy ..Page 10
The Gulf dividend .....Page 14
Stock markets ....Page 38

Westinghouse Electric takes $975m charge to cover losses

By Martin Dickson in New York

WESTINGHOUSE Electric, the diversified US technology group, announced yesterday it was taking a $975m pre-tax charge to cover losses and radical cuts at its troubled financial services subsidiary. The group also expects to issue some $600m in new equity to bolster its balance sheet.

The move makes Westinghouse the latest, and one of the heavier casualties in the US financial services industry of a sharp deterioration in three sectors over the past year: property, junk bonds and highly leveraged companies.

Westinghouse said the charge would be taken against fourth quarter 1990 earnings and these would have to be adjusted from the $284m profit reported last month to a loss of $449m.

The group, with interests ranging from broadcasting to power generation, has been heavily reliant on the performance of its financial services division to achieve earnings growth in recent years. However, exposure to the real estate and leveraged takeover markets has hit its share price hard in recent months.

Westinghouse said it would be *sharply cutting the size of* the financial services operation: it would sell or liquidate some $3bn of underperforming assets over the next few years and get out of the junk bond market.

It would also cut its commercial paper exposure by $1.5bn by the end of 1991 to improve its balance sheet.

As part of the plan, Westinghouse will bolster the subsidiary's debt/equity ratio through a $525m cash equity injection. The parent group will in turn scrap its share *repurchase programme and* raise some $600m in new equity, about $500m through a public offering.

Westinghouse said some $425m of the provisions related to the real estate market, $250m to corporate finance transactions (including leveraged deals) and $300m to its securities portfolio.

Mr Paul Lego, the group's chairman, said the action decisively addressed the problems at the subsidiary. However, he also warned 1991 earnings per share were expected to decline 10 to 15 per cent from the 1990 level *(before the fourth quarter* charge) of $3.41 a share, assuming no further market deterioration.

Because of the US recession and other factors, first quarter earnings were expected to be down about 50 per cent on a year ago. The second quarter was expected to be better than the first, but still significantly below 1990. The announcement hit the company's shares which dipped $1½ to $27½ at lunchtime.

Moody's, the credit rating agency, reacted by downgrading *Westinghouse's long-term* senior debt from single-A1 to single-A2 but another agency, Standard & Poors, reaffirmed its rating, saying the group's outlook was now more stable.

Moody's said Westinghouse might have to inject further equity into the financial services arm as it liquidated assets.

However, it also emphasised the group's strong market position in several sectors and its "stable and reliable financial fundamentals."

CONTENTS

Cholera in Peru Epidemic threatens heavy blow to ailing economy 6
Canadian budget: Radiant with good intentions 6
Sweden: The land of the midnight shop 12
Editorial comment: Germany's price for Emu; The cabling of the UK 14
Economic Viewpoint: The collapse of UK inflation 15
Lombard: A question of ethics 15
Technology: The European HDTV picture 25

Europe	6,9	Britain	10,11	Financial Futures	22	Management	12
Companies	19	Companies	23,24	Gold	28	Observer	14
America	6,9	Arts Guide + Reviews	13	Int. Capital Markets	22	Stock Markets	27-38
Companies	18	Commodities	28	Law	25	-London	27-29
International	6,9	Crossword	34	Letters	15	Technology	25
Companies	20	Currencies & money	34	Lex	16	Unit Trusts	30-33
World Trade	6	Editorial Comment	14	Lombard	15	World Index	38

An improved reputation that's boosting business confidence

For most South African exporters, President F.W. de Klerk's reform initiatives have brought them to the threshold of normalised trade relations, but normality is not yet at hand.
Page 9

MARKETS

STERLING
New York lunchtime:
$1.921
London:
$1.917 (1.9205)
DM2.915 (2.92)
FFr9.92 (9.915)
SFr2.5225 (2.505)
Y253.5 (255.0)
£ Index 93.8 (93.9)

GOLD
New York: Comex Apr
$363.3 (360.2)
London:
$364.35 (364.35)

N SEA OIL (Argus)
Brent 15-day Apr
$17.8 (17.175)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.565
FFr5.1625
SFr1.3115
Y131.93
London:
DM1.521 (1.52)
FFr5.175 (5.1625)
SFr1.316 (1.3045)
Y132.25 (132.75)
$ Index 61.3 (61.5)
Tokyo close: Y132.8

US lunchtime rates
Fed Funds $6\frac{1}{8}$%
3-mo Treasury Bills:
yield: 6.21%
Long Bond:
$96\frac{13}{16}$
yield: 8.14%

STOCK INDICES
FT-SE 100:
2,348.0 (+25.8)
FT Ordinary:
1,877.8 (+22.8)
FT-A All-Share:
1,134.7 (+1.0%)
New York lunchtime:
DJ Ind. Av.
2,876.78 (+12.13)
S&P Comp
366.81 (+4.0)
Tokyo: Nikkei
26,094.25 (−188.71)

LONDON MONEY
3-month interbank:
closing Mar $12\frac{3}{4}$ (13)
Liffe long gilt future:
Mar $92\frac{13}{32}$ ($92\frac{1}{2}$)

THE GULF WAR

Allies wipe out cream of Saddam's armour

By Tony Walker in Riyadh and Paul Abrahams in London

The allies have destroyed or captured over 3,700 enemy tanks

THE GULF WAR DAY 42

IRAQ'S remaining armour was shattered in a series of tank battles yesterday as Gen Norman Schwarzkopf, US commander Middle East, claimed that all remaining escape routes for the Iraqis had been cut off. "The gates are closed," he said. "There is no way out."

A deadly race developed yesterday between Iraqi troops retreating north towards Basra and allied forces trying to trap them from the west.

Those Iraqi troops attempting to flee north from Kuwait in columns of vehicles jammed "bumper-to-bumper" were being subjected to merciless attacks from the air and thousands were reported to have been killed.

"Iraqi forces are continuing to move out of Kuwait, but it's hard for them to get out," said a US military spokesman. "He's bottlenecked. It's like squeezing a 10lb bag through a 1lb hole."

As armoured and mechanised elements of the President Saddam Hussein's elite Republican Guard attempted to hold back the allied advance, its tanks were systematically destroyed. By the end of the day, Gen Schwarzkopf claimed that 3,700 Iraqi tanks had been destroyed or captured since the beginning of the Operation Desert Storm.

Gen Schwarzkopf said 29 of the 41 divisions this is more than 500,000 men deployed in southern Iraq and Kuwait had been destroyed or rendered combat ineffective according to US officials. French officers estimated the number of prisoners of war at between 50,000 and 60,000. The condition of many of captured was described as "pitiful."

First priority was given to attacking armoured and mechanised Guard units blocking the way to Basra, leaving the remaining mechanised infantry divisions for the second round.

Yesterday morning, one Republican armoured guard unit, the Taw Al-Kana (Go With God) division, was reported to have been effectively destroyed by the 3rd US Armoured and 1st Mechanized Infantry divisions with the support of A-10 specialist "tankbusters" and Apache attack helicopters. A US spokesman said the allies were "pounding the hell" out of the tank divisions.

Later, about 50 miles to the west of Basra, other elements of the American VII Corps, together with the 24th Mechanized Infantry division, engaged three Republican guard mechanised infantry divisions and about one and a half armoured divisions in a fierce tank battle.

The outcome of the action which involved 450 tanks – the largest battle of the conflict so far – was unclear last night.

While the the Hammurabi armoured division was reported to be fighting, the Medina division was trying to load up its armour onto tank transporters in an effort to escape to the north or redeploy, according to sketchy reports.

The Medina division was being subjected to attack from the air. However poor weather and billowing smoke from Iraqi-set oil well fires in Kuwait were hampering F-16A operations. F-16 pilots need to see their targets for best results.

Nevertheless, US forces had destroyed more than 100 T-72 and T-55 tanks and numerous other vehicles in the twenty four hours to late yesterday afternoon as the the allies continued to hammer the Iraqi military, according to a Saudi spokesman.

In separate actions to the south, the 1st British Armoured Division was reported to have destroyed 150-200 tanks, 100 infantry fighting vehicles and 100 artillery pieces since they went into action on Monday. According to a British military spokesman, the division had also taken as many as 5,000 prisoners, but had not as yet engaged the Republican Guard.

Allied forces yesterday continued to tighten the noose around the remains of Mr Saddam's battered legions sent to confront the coalition in the "mother of all battles."

Allied bombing of bridges across the Tigris and Euphrates cut escape routes to the north while a French light armoured division, supported by elements of the US 101st Airborne Division denied movement to the west.

Waves of attacking aircraft also made escape to the north-east through Basra perilous. Movement to the west was not an option. "We control the escape routes west along the Euphrates and north to Basra," said a US military spokesman.

Kuwait City was effectively liberated by early yesterday morning, although small numbers of Iraqi soldiers were still resisting, according to a Saudi spokesman. He attributed this to poor communications between military commanders and troops in the field. Members of the Kuwaiti resistance said 4,000 Iraqi soldiers had been captured in the last 24 hours.

Kuwaiti troops led the parade back into the city at the head of a column of armoured vehicles carrying elements of the other Arab contingents those of the Gulf states, Egypt and Syria.

The International Airport fell into allied hands after a fierce tank battle between US marines and an Iraqi armoured division yesterday. Marines reinforced by a US Army tank brigade and coalition forces destroyed elements of the 3rd Iraqi Armoured Division. More than 100 tanks were destroyed, according to an American official.

Meanwhile on the far left of the allied offensive, French radio said the Daguet division had stopped advancing somewhere west of the town of Nassiriyah, protecting the western flank of the VII Corps and 101st Airborne division.

French troops claimed to have had destroyed 20 tanks, 17 light armoured vehicles and 114 trucks from the Iraqi 45th Infantry division.

However, seven US soldiers from the 82nd Airborne Division operating under French command – including two officers – have been killed while carrying out de-mining and mopping-up operations. Two French troops were killed in a separate incident.

Nevertheless, allied casualties continued to be light. Since the ground offensive began 55 American have died, including the 28 servicemen killed, when a Scud missiles landed on their barracks near Dhahran.

Britain has reported 13 dead and 10 wounded, including the nine killed in "friendly fire" when a US A-10 "tank-busting" aircraft fired on two "Warrior" infantry fighting vehicles.

British soldier clears an Iraqi trench with a grenade (top left); a truckload of PoWs on their way to Saudi Arabia (bottom left); US marine taking no chances in Kuwait City

'The gunner bent his head and prayed'

The following is a pooled despatch from Richard Kay, of the Daily Mail, on the first 36 hours on the front line with the Desert Rats in Iraq:

BAREFOOT and frightened, he huddled on the ground clutching his pathetic belongings in a dirty scarf. The flash of gunfire threw his face into grotesque relief. It was of a defeated, beaten man, one of more than 100 prisoners for each of B Company's men.

For these who threw down their guns, there was almost a sense of relief. They were the lucky ones. They would be fed, clothed, but most of all they would be safe. When you saw the squalid little shell scrapes in which they had hoped to survive aerial bombardment, artillery, and to repulse the best fighting infantry in the British army, it was a wonder that they did live.

After an advance lasting 24 hours, B Company commander Major John Potter, his face lined with fatigue and grime, finally allowed it to crease into a smile. We had been shot at, come within inches of being blown up by mines and booby-traps, but had left Iraq's border defences in disarray. Potter slept inside the turret of his vehicle, his first rest for 36 hours.

It was a terrible day to go to war. Rain swept over the encampment and the wind drowned out the sound of the F-16s and A-10 tank-killers, which were patrolling the skies.

As we waited to clamber into the narrow Warrior troop carrier, the gunner, Lance Corporal Jim Lee, bent his head and prayed.It was one of the most emotional moments I have witnessed. He was not praying for us, but for the troops of the armoured heavy brigade who would lead the assault.

At 4.42pm we crossed into Iraq. It was a euphoric moment and also a sobering one. In a smoking pile of twisted steel were the shattered remains of an Iraqi artillery replacement. Beside it, the dismembered remains of a dead soldier.

Tracer and rocket fire was stitching a pattern across the sky. This, I thought, was definitely it. Over the radio a message scrambled in the jargon of army code warned Major Potter of Quebec Bravo Oscar, quick battle orders for an enemy position to be taken out. Excitement and fear coursed through every man, but it was to be eight hours before we reached contact, encountering an Iraqi position that had not completely been abandoned.

For hours we crawled behind A Squadron's 14 tanks. Suddenly the radio again crackled into life: we had strayed into a suspected minefield. Rockets streaked over our heads, bearing down on the armoured brigade we were after. There was nothing to do but to go on.

In the Warrior, under layers of protective clothing and body armour, it was hard to be frightened. It was hard to be anything but tired. Perspiration ran down everyone's face.

Then the tanks had the sniff of a target. Their commander Major James Hewitt ordered them to open fire and the crump of their 120mm shells hitting dug-in trenches reverberated through our reinforced vehicle. Illuminated rounds lit up the sky and suddenly the ground was alive. Each blast sent up a fountain of sand and dirt.

Then we were outside and red and white tracer ripped through the sky like a swarm of angry hornets. Then, just as it started, the snarling tanks were still and the machine chatter of the Warriors halted.

Like a mirage the prisoners appeared. One, two, a third, six marching in step with their hands on their heads.

It had been a rout. We had 28 prisoners and they were lying spread-eagled at our feet. Their clothing, for it did not resemble a uniform, was tattered and worn. Their faces were frozen in abject terror.

Then came the difficult bit. Several American soldiers had already died, victims of PoW suicide bombers. Each man had to be checked to see if he was holding a grenade, claymore or worse.

Literally inches from us Major Potter recoiled. "Mine, mine," he screamed. At fingertip reach of one of the prisoners was an anti-personnel device. The PoW was just as scared. He didn't even know it was there.

Behind us the tanks were roaring again, destroying an enemy bunker. We had not stopped. Our destination: a battalion-strength artillery emplacement.

At first light there was another firefight. When it was over we could see smoking vehicles and the dead sprawled in the extravagant posture of men killed suddenly in battle.

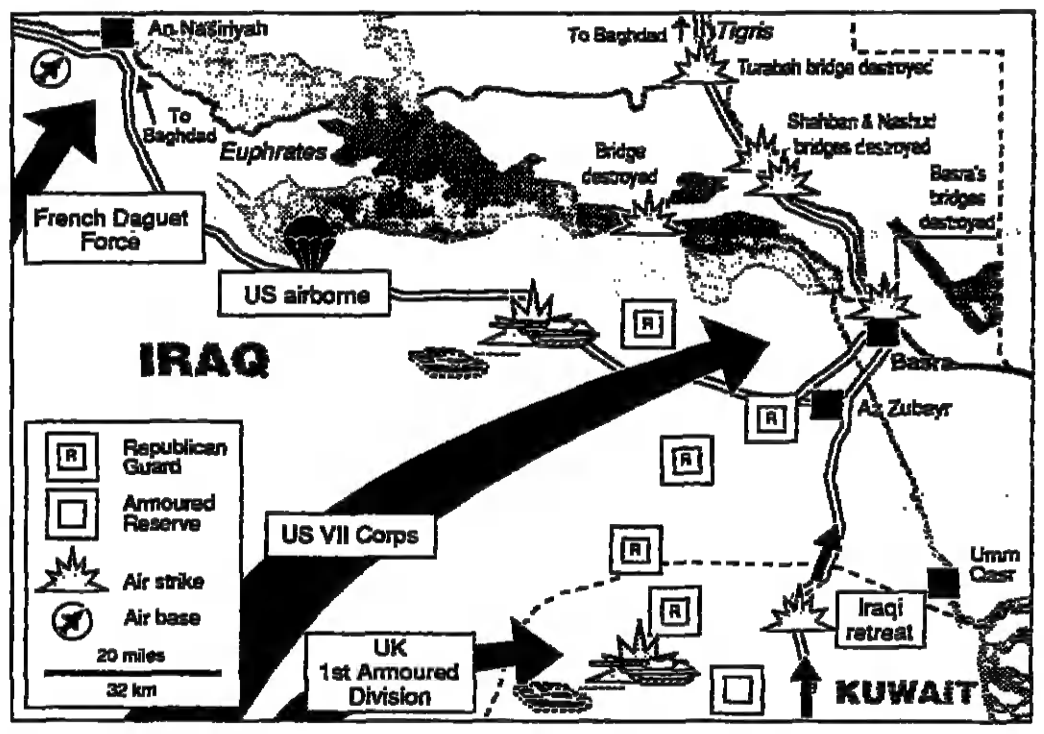
It hurt to breathe as the cordite stung the back of the throat, but one of the men had enough poise to throw himself at our feet: "Please, please, me Christian, love Jesus, don't kill." He said his name was Sayeed and he pressed a white scarf into John Potter's hand. Then he tried to embrace Potter. It was almost the last thing he ever did.

Slamming back the breech of his SA80, Potter said: "Christ, I almost killed him and he only wanted to kiss me."

But it was only a temporary diversion. The grid we were heading for took us towards the artillery position behind tanks in formation, their claret and blue ensign just visible in the poor light.

There was a rattle on the side of the Warrior. It sounded like raindrops on a tin hat. It was Iraqis aiming small arms fire at us. It summed up the hopelessness of their position. We shrugged the bullets off.

A line of prisoners came up. They wore flip-flops or were shoeless all together. One was forced to part with a grubby satchel. It contained his rations: three stale rolls and a packet of dates – on such Saddam must surely condemn his men to death.



Baghdad power supply may take year to restore

By Paul Holmes of Reuter in Baghdad

IRAQ will need at least a year to restore full electricity supplies to Baghdad because of severe bomb damage, a senior Iraqi engineer said yesterday.

The engineer, Mr Thakir Ismail al-Qubaisi, said US-led air raids in the first week of the Gulf war had destroyed all 10 of the Iraqi capital's sub-stations, used to distribute power to Baghdad's 4.5m inhabitants.

Although there was no independent confirmation that all sub-stations had been knocked out, two shown to correspondents yesterday had been reduced to rubble, burned-out control rooms and twisted metal pylons.

Mr al-Qubaisi said two units, at Yarmouk in western Baghdad and Al-Waziriya in the north, had served 900,000 people as well as factories and hospitals.

"The damage is severe. Nothing can be repaired, just look at it," Mr al-Qubaisi said at the Yarmouk plant.

The sound of exploding bombs from an air raid on other targets were heard in the distance as he spoke.

Mr al-Qubaisi, who is responsible for sub-stations, said he could not estimate the cost of restoring power supplies and buying replacement equipment.

"Prices have gone up since these sub-stations were built. As for the time needed, I would say one year," he said.

Iraq was a net electricity exporter before the Gulf crisis. Its national power grid has been either shut down or damaged in raids. Delays in restoring electricity are likely to have a big impact on resumption of industrial activity.

What little generating capacity remains in Baghdad is now used to pump water to residents for just two hours a day.

The health ministry says the serious shortage of treated water and the inability to process raw sewage mean epidemics such as cholera and typhoid could spread.

Mr al-Qubaisi said two men, both workers, were killed in the bombing of the Yarmouk plant and Waziriyah sub-stations between January 20 and 23.

Many targets in Baghdad appeared to have been bombed with surgical precision. They included ministries, government offices and telecommunications centres.

Several power pylons and microwave telecommunication relay posts have also been bombed along the western highway from Baghdad to the border with Jordan.

THE GULF WAR

Kuwait reconstruction cost put at $500bn

By William Dawkins in Paris

THE rebuilding of public infrastructure and the repair and replacement of private property in Kuwait could cost up to $500bn (£252.5bn), far more than earlier estimates, Sheikh Salem al-Sabah, governor of the Central Bank of Kuwait, warned yesterday.

Sheikh Salem, a member of the family which provides Kuwait's ruler and several senior ministers, also accepted that the country would require a measure of political reform once the government has returned. Before the invasion, Kuwaitis were calling for the reconvening of parliament, suspended since 1986 – seized on as a pretence for the invasion by Iraq's President Saddam Hussein.

"After the liberation and the re-establishment of of the government and security, it will be necessary to have more participation... We must practice democracy in an adult manner," Sheikh Salem told the French newspaper Le Monde. However, the Kuwaiti population wanted the al-Sabah family to stay in power, as laid down in the constitution, he said.

The 10 to 15 leading members of the allied coalition will get favourable treatment in bidding for reconstruction work, but would at the same time be asked to compete on terms between themselves, he said. US contractors had already been awarded most contracts for urgent reconstruction work, with 22 per cent going to UK companies and the rest divided among Norwegian, Swedish, French, Italian and Swiss groups, he said.

A commission would soon be formed to draw up a plan for rebuilding Kuwait, likely to take several years. It was impossible to give a clear estimate of the size of the job, though Sheikh Salem believed the cost of repairing infrastructure was nearer $10bn than the $100bn generally estimated. But he added: "If one includes the losses of the private sector – which has been plundered – one can get to $500bn."

Sheikh Salem confirmed that Kuwait would borrow on world financial markets rather than sell its extensive overseas assets to fund the reconstruction. The invasion had only underlined the importance of keeping a substantial stock of foreign assets.

"If we did not have these investments abroad, we could not have survived," said Sheikh Salem, who added that the Kuwaiti stake in British Petroleum was "an excellent investment".

He also confirmed that Kuwait would seek compensation from Iraq, part, at least, probably in the form of oil and agricultural goods.

Robert Taylor adds from Stockholm: Ericsson, the Swedish telecommunications company, received a request from the Kuwait government yesterday to help in the restoration of the emirate's telephone system.

Floating hotel to accommodate UK exporters

By Peter Montagnon, World Trade Editor

BRITISH exporters interested in reconstruction work in Kuwait will be able to enjoy accommodation in a floating hotel moored offshore, Mr Adrian White, chairman of the Biwater water engineering company said yesterday.

The idea was first put to the Kuwaitis by exporters taking part in a mission to the government in exile in Saudi Arabia last month led by Mr Douglas Hurd, the foreign secretary.

Mr White told the annual lunch of the British Water Industries Group that his company had decided to underwrite the plan, which would provide accommodation for 125 executives from each of the water, petrochemical, and power industries as well as 50 consulting engineers, 50 hospital supply executives and 30 government officials.

The government would not be be financing the effort, though the Department of Trade and Industry would pay its way. Space on the "floatel" should be available in six weeks time, Mr White said.

A container ship would also be chartered to hold equipment for companies engaged in reconstruction work, he said. Devastation to the infrastructure meant that businessmen could not work out of hotels initially.

Mr White said Kuwait recognised it was in Britain's debt for its part in ousting Iraq. It had given a firm undertaking that British companies would receive a fair share of reconstruction work, though they would have to charge competitive prices.

Businessmen attending the lunch welcomed the initiative, but said the likelihood that hostilities would soon be over had enhanced their worries about performance guarantees on business in hand with Iraq before the war.

Most exporters were obliged to arrange performance bonds under which their bankers would compensate Iraq if the work was not completed according to schedule. The terms of the bond allow banks to reclaim the money from the original exporter.

The US has undertaken to ensure that the terms under which financial sanctions are eventually lifted do not allow Iraq to exercise its rights under performance bonds, but British exporters say they have not been able to obtain a similar commitment from Whitehall.

National Bank of Kuwait's pivotal role in rebuilding

By David Lascelles, Banking Editor

THE National Bank of Kuwait, Kuwait's largest domestic bank and the only one still in operation, expects to play a key role in helping to finance the reconstruction, according to its chairman, Mr Mohammed Abdul Mohsin Al-Kharafi.

NBK will be the sole authorised issuer of letters of credit for Kuwait government contracts. This will be done from its London branch, which has been operating as a makeshift headquarters since the Iraqi invasion last August.

Bank officials say the pace of activity in the last few days had been "hectic" as supply companies have sought to tie up contracts with the Kuwaitis.

In the initial emergency phase of reconstruction, when work will focus on damage assessment and the supply of essential needs and communications, NBK says about $800m (£404m) of contracts will be issued. These will cover medical equipment, transport, telecommunications, utilities and emergency equipment for the oil and gas industry.

The second, recovery, phase will attempt to bring the country back to a reasonable level of normal social and economic operation. This will take about two years and will include the start-up of the financial and banking sector.

The third, reconstruction, phase will see the rebuilding of most of the country's infrastructure. The total cost of all of this is impossible to assess accurately, NBK says, because no one yet knows the condition of important installations such as power stations and desalination plants.

NBK itself is preparing to start reviving its operations in Kuwait within the next few days, and will probably be able to supply a basic banking service within three months.

It destroyed its own computer systems in Kuwait in order to prevent the Iraqis gaining access to its records. But the Iraqis have been paying out small amounts of cash to bank customers who could produce records of their balances.

The bank has bought a new computer which is already operating in London using accounts which were smuggled out of Kuwait City after the invasion. The computer, together with crates of newly printed cheque books and other documents, will soon be flown over to Kuwait in a chartered jet.

NBK officials say they do not know yet whether the Kuwait government will decide to finance the reconstruction out of its own resources or by borrowing from the international banking market. Although Kuwait's overseas investment portfolio was liquid and of good quality, borrowing was possible, and NBK would expect to be closely involved.

Before the invasion NBK had a 30-40 per cent share of the Kuwait banking market. All the other domestic banks ceased operations and some of them may not recover from the shock.

Analysts are predicting a consolidation of Kuwaiti banks once the country gets going again.

NBK itself is likely to emerge from the crisis in a much stronger domestic position, with an enlarged share of the market. Officials also say that it will in future place greater emphasis on its international operations because the war has shown that Kuwait needs a strong financial presence overseas.

Kuwaitis dance on car roofs and carry posters of their emir in the streets of Cairo as they rejoice at Kuwait City's liberation

US taxpayer may bail out Iraqi loans

By Alan Friedman in New York

THE US government will probably have to meet some $2bn of claims from US banks over loans on which the Iraqis have defaulted.

The loans, to finance shipment of farm products to Baghdad, were guaranteed by the Commodity Credit Corporation (CCC), the US farm export guarantee agency. Under US law the CCC must review and reimburse these loans unless Baghdad resumes interest payments, which is considered highly improbable.

The $2bn of claims thus represents the first evidence that US taxpayers may eventually have to bail out loans to Mr Saddam Hussein's regime.

Mr James Little, treasurer of the CCC, said yesterday that as of last month about 1,000 claims had been filed by ten US banks for Iraqi loan losses totalling some $500m. Mr Little said the claims have since been coming in "by the bucketful".

The loans in default – for a range of products such as wheat, rice, corn, soybeans, sugar, wool and cattle – include some $347m of US government-guaranteed finance that was provided to Baghdad by the Atlanta, Georgia branch of Italy's Banca Nazionale del Lavoro (BNL).

BNL is at the centre of a scandal over $3bn of improper loans to Iraq, a substantial part of which helped to finance Mr Saddam's development of unconventional weapons including chemical, nuclear and ballistic missile projects.

The CCC bail-out could become politically controversial in light of the fact that US investigators last year uncovered evidence of kickbacks and other improper payments attached to US grain exports financed by BNL. The US Agriculture Department probe concerned a total of $750m of BNL's $3bn of Iraqi loans.

Investigators believe that the extra grain-related payments may have been used to finance part of an estimated $100m used by the Iraqis to set up the Atlanta loan scam as well as a network of Iraqi agents in Europe and the US who were seeking to procure militarily useful technology.

Indians say Iraq owes $600m

By R.C. Murthy in Bombay

INDIAN construction companies say they are owed $600m (£303m) for work on projects in Iraq which were left unfinished before the outbreak of the war.

Jaiprakash Industries of New Delhi was working on a $200m Basra sewerage project, whose status is unknown after allied bombing. Shah Construction has just completed a big housing project and Ircon, a state-owned company, has a $10m railway contract.

The delay in receipts has caused a cash crunch for Indian contractors, which pay 16 per cent interest to local banks on borrowed money.

Mr. Harshvardhan Shah, chairman of Shah Construction, said: "We and Jaiprakash Industries had a lot of equipment at Basra. Bombing was heavy out there."

The companies plan to return soon after normality is restored to take stock of the situation and say they are ready to bid for new Iraqi contracts.

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THE GULF WAR

Planning minister tells citizens to 'invest in a change of attitude'

More Kuwaiti nationals to fill key positions

By William Dullforce

KUWAIT intends to place more of its own nationals in strategic positions in its banks, investment companies, utilities and administrative superstructure after liberation, Mr Sulaiman Mutawa, planning minister, said.

A "more realistic eye" would be cast on some old policies, which the Iraqi invasion had demonstrated should not have been pursued, including that applied to non-residents. Kuwait's own manpower would be better utilised.

Certain positions would have to be manned only by Kuwaiti citizens, Mr Mutawa said. For instance, in telecommunications, essential in an emergency, problems could arise if the system was maintained by non-Kuwaitis.

In banks and investment companies more of the information passed on to top management should come from Kuwaiti nationals rather than from outsiders.

Mr Mutawa said he would "not be surprised" if non-residents took on advisory roles in the Kuwait Investment Authority and the London-based Kuwait Investment Office "while we do the driving".

Kuwaiti nationals had been living in a welfare state dependent on others. "We must invest in a change of attitude, as Europe had to do after the First World War when the mansions were closed down," Mr Mutawa said.

Population policy would have to be reconsidered in the light of Kuwait's post-liberation resources. At the time of the invasion Kuwait had a population of 2.2m, of whom only 30 per cent were Kuwaitis. Full services, including subsidised food, free medical care and education had been provided for the other 70 per cent.

Some restrictions would have to be placed on non-residents bringing in large families, all of whom would be dependent on the state.

The planning minister is responsible for the long-term reconstruction of the economy after completion of the initial emergency programme, designed to restore basic services and restart oil production.

He made the following points in an interview:

● Supplies needed for the initial restoration of power, water, telecommunication and medical services were already available in nearby countries. Contracts had gone largely to those companies which had previously delivered plant and equipment.

● No guarantees had been given about the sharing out of contracts among foreign companies for the longer-term reconstruction; Kuwait would aim for competitive bidding.

● All the "major" families whose revenues were intact, not just the ruling family, would be expected to help finance reconstruction;

● If the Kuwaiti authorities had chosen to liquidate the assets held abroad, they would have "brought the temples tumbling down on ourselves and our friends in New York and London".

Jubilation gives way to soul-searching

Overcoming social and political problems will prove a tough test for Kuwaitis, writes **Robert Graham**

THE euphoria among Kuwaitis after the liberation of their city is liable to be tempered by the political and social problems created by six months of brutal and divisive Iraqi occupation.

Law and order are being re-established in a small state where Kuwaitis have long been outnumbered by non-Kuwaitis and where more than two thirds of the 2.1m population has recently been forced by the Iraqi invasion to live elsewhere.

The Iraqi administration exploited latent antagonisms in society by forcing non-Kuwaiti citizens to collaborate. Census data were destroyed and a large, but undisclosed, number of Iraqi civilians were allowed to settle in the wake of last August's invasion.

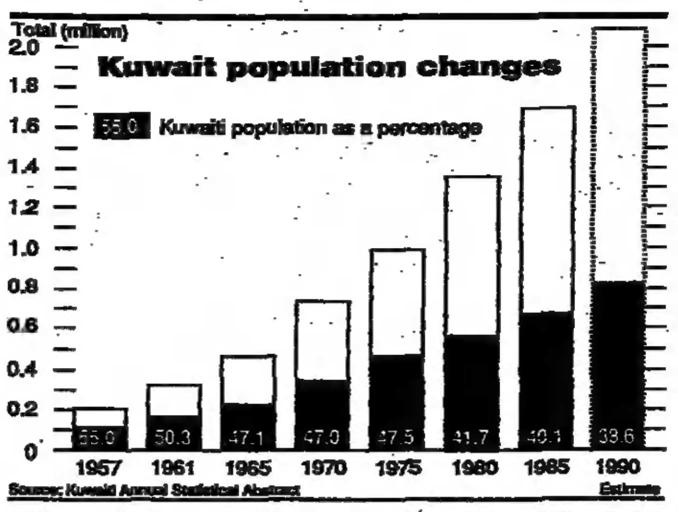
The Kuwaiti resistance has claimed that elements among the 370,000-strong Palestinian population openly backed the Iraqi occupation, looting private homes and helping in security operations.

The evidence produced is limited and appears to involve a tiny minority, mainly unemployed youths. Nevertheless, these reports have provoked strong anti-Palestinian sentiments among the local and temporarily exiled Kuwaiti population. This was fuelled by the overtly pro-Iraqi stance adopted by Mr Yassir Arafat, leader of the Palestine Liberation Organisation.

Many Palestinians, especially those with relatives in Jordan, managed to leave Kuwait after August; it was the 250,000-odd who remained who have become the focus of suspicion and enmity. Unfortunately their only sin may have been the lack of anywhere else to go.

Exiled Kuwaitis tapped generous support funds provided by the exiled government in Taif, Saudi Arabia. Palestinians and other nationals forced out of Kuwait had no such resources available.

The task of rooting out and dealing with Iraqis who settled after the invasion will be complex and delicate. Kuwaitis were obliged to turn in their identity cards to authorities and new Iraqi ones were issued. Possession of an "old" Kuwaiti ID card or passport was treated as a serious offence, aimed at intimidating Kuwaitis into acknowledging the emirate as Baghdad's 19th province.



With records burned and only Iraqi ID cards, Kuwaitis and Kuwaiti residents will need to establish their bona fides.

This process could end up relying on personal identification, encouraging the atmosphere of a witch-hunt.

The degree to which such passions are controlled by the freshly appointed martial law authorities will have a vital impact on the future cohesion of society. On top of the strains of occupation, the favoured treatment of Kuwaitis has tended to underline the three broad existing divisions between full citizens, long-term residents and imported labour.

Full citizens are essentially those descended from merchants, pearl-divers and bedouins who lived in the area before 1920, bedouins from Saudi Arabia plus residents who have acquired citizenship through public service (almost like a knighthood). Only male citizens have enjoyed the right of suffrage (65,000 at the last elections, in 1985), but all citizens have the right to extensive welfare benefits and state assistance in property ownership.

The ruling al-Sabah family has preferred to set up a privileged group, originally uneducated bedouins, as the bulwark of its political support, while relying on a large, stable cadre of non-Kuwaitis to administer the state, and imported labour for menial jobs.

Although benignly run, this system has appeared to outsiders as one which lets non-nationals do the work while the Kuwaitis reap the benefits.

Long-term residents are primarily Palestinians and other Arabs – for example, Egyptians, Syrian and Lebanese who perform both the skilled and unskilled jobs running the country.

But there has also been a long-standing community of Indians and Pakistanis in commerce and the services.

The last wave of Palestinians, as many as 200,000, came in the wake of the 1967 Arab-Israeli war.

But the Palestinian community is also a victim of circumstance: it has never actively sought citizenship, in the hope of the Palestine problem being resolved.

While the latter group have enjoyed some privileges, the imported female and male labour has been tied to fixed contracts and existed in miserable conditions. Most have come from the Indian sub-continent, Thailand, Korea and the Philippines – a category described in the census as "Asian".

From independence in 1961 Kuwaitis have ceased to be a majority, with their share of the population steadily declining. Between 1975 and 1990, the proportion of non-Kuwaitis rose from 52 per cent to 61 per cent. The greatest increases has been in "Asians" who, before the invasion, made up more than half the non-Kuwaiti workforce.

The sensitive issues of population and nationality will come to the fore quickly. They touch at the heart of the political demands for greater representation. They will also affect how the state is reconstructed and the economic model Kuwait chooses to follow.

Brothers in arms: A US helicopter crewman helps an Iraqi soldier to a rear hospital

US battle plan aims for earliest possible pullout

By Lionel Barber in Washington

PRESIDENT George Bush aims to withdraw US forces in the Kuwaiti theatre as soon as possible and let the Arab states take the lead in a new Gulf security system.

This would go some way towards allaying suspicion that the US wants to use the war as an excuse for maintaining a permanent presence guarding Saudi oil fields.

But sceptics – such as Democrat Senator Daniel Moynihan – have little faith in the Arabs' ability to bury traditional rivalry and co-operate; they predict US forces will be drawn into playing a significant regional role.

Yet US officials can mount several arguments in favour of a rapid US pullout; indeed, they may not have much choice. Faced with a ballooning federal deficit, the US would be hard-pushed to sustain the costs of keeping several hundred thousand troops in the desert.

The political will is lacking, too. Mr Tom Foley, the House Speaker and one of the more internationally minded politicians on Capitol Hill, said recently there should be no US funds for reconstruction in the Middle East. Like many, he wants more money spent at home.

In addition, the US-Saudi agreement signed last August makes clear that US forces are guests on Saudi territory, and must leave when the hosts demand. Most Middle East observers argue that a large US force would be counter-productive: a lightning rod for Islamic fundamentalism which would destabilise the ruling royal family.

All these factors explain why the US battle plan is geared to providing the best possible conditions for an early US withdrawal: the removal of Iraq's offensive capability and the destruction of the Republican Guard, the backbone of President Saddam Hussein's regime.

The need for a "clean end" to hostilities marks an effort to avoid the mistakes of the past.

In Korea, for example, an inconclusive end to the war has required US forces to be stationed south of the 38th parallel for almost 40 years.

Mr Brent Scowcroft, Mr Bush's national security adviser, has suggested that US ground forces could be withdrawn at the same rate as they were deployed under Operation Desert Shield, that is over the next six to seven months. At present the US has more than 535,000 soldiers, sailors and airmen in the region.

The final number of ground forces remains unspecified – although it would be supported by US air and naval forces, along with pre-positioned munitions and stocks. The US has had a naval presence in the Gulf since 1949.

As part of the new security system, US officials are contemplating a demilitarised zone along the Iraq-Kuwaiti border. Multinational troops, mainly comprising Arab forces, would patrol this area.

The operative slogan is "Gulf Co-operation Council plus" – Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Bahrain and Oman, reinforced by troops from, perhaps, Morocco, Pakistan and Egypt. This Arab force could be supported in turn by a UN peace-keeping mission.

On paper it looks attractive. But it will require the US to provide direction. The process of extrication could still prove tricky and longer than Washington expects.

UK quickly rejects ceasefire proposals

By Ralph Atkins

BRITAIN was quick to reject Iraq's proposals for a ceasefire, sent to the United Nations yesterday, saying that they did not comply fully with all requirements of the UN resolutions and insisting that Iraq withdraw its troops unarmed.

"They have not yet offered to meet all the resolutions. They are not yet clear about leaving their equipment and we want to make sure they are have abducted and taken to Iraq," said Mr John Major, the British prime minister.

Speaking at RAF High Wycombe, Bucks, he said the latest Iraq offers failed to meet allied objectives and the conflict would continue.

However, widespread satisfaction in Whitehall at the progress of the campaign so far was spoilt by news of the nine soldiers killed accidentally by US forces. Downing Street officials expressed "deep regret".

Mr Major appears anxious that President Saddam Hussein should be judged by his actions as much as his words – and that the allies should not tolerate what officials fear are attempts at stalling by the Iraqi president. The Labour party also rejected Iraq's latest offer.

At the same time, hopes of a speedy resolution of the conflict have increased at Westminster, with the government promising troops involved in the fighting will be brought home as soon as possible.

Speaking earlier outside Downing Street, Mr Major said the allied forces did not intend to occupy Iraq or divide it. "In due course things will return to normal," he said.

Mr Paddy Ashdown, Liberal Democrat leader, said the government was right to want to disarm Iraqi troops, but he warned the government against humiliating the enemy.

The success of the campaign has also caused officials to revise estimates for the final cost of the campaign. A Treasury figure earlier this week of £3bn, spread over some years, was described as "a little high" yesterday.

Mr Major was briefed on military developments yesterday by Mr Tom King, defence secretary, and later met Mr Ghazi Al-Rayes, the Kuwaiti ambassador to London.

● Mr Michael Weston, the British ambassador in Kuwait, has flown to Saudi Arabia and is expected to travel into Kuwait today.

Executives retract KIO resignations

By David Owen

ELEVEN OF the 12 executives who resigned from the Kuwait Investment Office (KIO) last month are believed to have returned to the London-based body, which handles about $30bn (£15.1bn) of the emirate's foreign assets.

Their decision is believed to have followed assurances from Mr Ali al-Khalifa al-Sabah, the finance minister, that the office's administrative and reporting guidelines would be respected. The 12 resigned in an unprecedented protest at the body's management structure and practices.

Mr Salah al-Maousherji, the former assistant general manager who led the resigners, will not be returning. He could not be reached for comment yesterday. The KIO had no comment.

The resignations have marred the KIO's reputation in the City as a repository of tranquillity and investment expertise. The office "grew from 30 to 250 people without a change of structure", said one former employee recently.

Those who resigned are believed to have bridled in part at the influence wielded by the KIO's layer of British investment managers. One of the most powerful of them – Mr Trevor Ball, who was with the office for more than 20 years – died nearly two months ago.

Meanwhile, a former employee said that a gold position worth "several hundreds of millions of dollars" was among the assets that the KIO had liquidated during the Iraqi occupation of Kuwait.

Officials have repeatedly stated the government has not yet been forced to sell significant quantities of its extensive stock, bond and property holdings to pay for the war effort and the country's rebuilding costs.

There has been concern that a decision to do so could destabilise financial markets.

Optimism nudges oil prices up

By Deborah Hargreaves

OIL PRICES edged upwards yesterday as the mood in the market shifted towards a more optimistic outlook for the industry at the end of the war. But traders cautioned that prices were partly supported by technical trading and the market could still fall some way immediately after fighting stops.

The price for North Sea Brent crude for delivery in April has risen by $1 a barrel in the last two days to $17.80. This follows a rapid fall in the market last week when prices lost over $2 as peace in the Gulf appeared imminent.

Traders said yesterday last week's drop in the market had probably occurred too quickly and some strength was now returning to prices. "But it could soon run out of steam, production is high and stocks are high," one trader said.

Talk among producers in the Organisation for Petroleum Exporting Countries this week of quick cuts in output once the war is over has helped to buoy prices. But the cartel faces difficult negotiations at its March 11 meeting: Saudi Arabia, the key producer, may not want to yield all of its current high market share.

Prices on the New York Mercantile Exchange were boosted by a report from the American Petroleum Institute that US stocks of crude oil fell by 3.77m barrels last week to 331.3m barrels. US stocks of oil and petrol remain well below last year's levels.

Nymex April crude futures contract rose 40 cents by mid-session yesterday to $18.78 a barrel.

Kuwait's central bank governor said yesterday it could take nine months for the country's oil production to come back on stream. Sheikh Salem Al-Sabah said it could take that long to repair Kuwait's damaged infrastructure.

Debate on war deepens Soviet political divide

SOVIET hard-liners are keeping up their criticism of the US and its allies for the military offensive against Iraq, writes John Lloyd in Moscow.

At the same time, however, voices from the other side of the political spectrum are now openly proclaiming their support for the allied aims, as the Gulf becomes part of the increasingly intransigent Soviet political struggle.

In one of the toughest articles so far, Mr Yuri Gvozdyev, writing in the hard-left newspaper Sovetskaya Rossiya, said that "the machine of death gathered by the west is gathering speed... It is not Saddam Hussein who is guilty, but those who, sitting in their armchairs, have raised their hands for the destruction of people, for ecological catastrophe... and for the imperialist interests of the US."

The paper's reporter in Baghdad, Mr Viktor Filatov, writes that the allied offensive had been halted by an Iraqi counter-attack – "the Iraqi army has shown its fortitude, courage and bravery."

However, Mr Yevgeny Ambartsumov, a Middle Eastern expert and a Russian Federation deputy, said the withdrawal of the Iraqi troops was "a great triumph for the international community". He called for the Soviet Union to stand with the US as "one of the two decisive forces in the settlement process".

He was echoed by General Dmitri Volkogonov, a military historian and also a Russian deputy, who urged an international conference which would "meet the interests of the Soviet Union and all the international community".

Their call for a significant role for the Soviet Union was supported by Mr Hans-Dietrich Genscher, Germany's foreign minister, who said in a German TV interview that "there can be no peace in the region without Moscow. The Soviet president has displayed a constructive approach to the Gulf war, and thus the USSR has a right to play a substantial role in the peace process."

Professor Sergei Blagovolin, a historian at the Institute of World Economy and International Relations, went further than most radicals when he wrote in the Megapolis-Express newspaper that the Gulf war should be fought to a victorious conclusion. He criticised the "political stupidity and the criminal shortsightedness" of critics of the US and of the Soviet Union's support of UN resolutions.

"Don't they realise that our only chance of survival is by becoming part of the world community? If the stubborn attempts to revise our position on the Middle East succeed, people will stop talking to us – just like they do in decent homes with people caught stealing the family silver."

To monitor the peace: agree on a mandate and call in the UN

But it should not be left to superpowers or to other Arabs to handle, reports **Anthony McDermott**

AFTER the war, the monitoring of the peace. The best bet for keeping the peace in the wake of the Iraqi withdrawal from Kuwait lies with the United Nations. The record of the UN is, on balance, good in such a troubled area.

Perhaps its lowest point was when President Gamal Nasser, in his over-enthusiastic approach to the 1967 Arab-Israel war, asked the UN Emergency Force to half step aside to allow Egyptian forces into Sinai. The United Nations withdrew entirely and left Egypt's army exposed to Israel's triumphant assault.

There will have to be an international peacekeeping force to watch over the borders between Kuwait, Iraq and Saudi Arabia. Fiji, Sweden, the Netherlands and Finland have indicated interest in taking part in such a force.

According to Whitehall officials, the Arabs appear to have precluded themselves from providing an Arab peacekeeping force, given that Iraqi President Saddam Hussein's main achievement has been to inflict on the Arab world an Arab civil war to which western and other countries have been invited.

Maghreb countries, in particular Algeria, pleaded for an Arab solution to the conflict. But the disruption in the Arab world has been such – internal divisions, anti-imperialist cries, pro-Islamic rhetoric and the idolisation of Mr Saddam as a pan-Arab leader – that it is hard to conceive of an Arab force having either credibility or authority. It might only continue the strains which Mr Saddam has created.

The Arab League is a powerless organisation. It would be almost incapable of setting up an Arab peacekeeping force which would not cause further dissent among its members.

This throws the burden back on the UN. The logic in this, for the US and other allied forces, is the invocation of the 12 UN Security Council resolutions as the justification for driving Iraqi forces out of Kuwait and pursuing and bombing them in their homeland.

At present, there are four main peacekeeping forces operating in the Middle East. Each has its own characteristics. The UN Disengagement Observer Force (UNDOF) was set up in 1974, after the Ramadan War, to act between the Syrian and Israeli armies on the Golan Heights. There was no concrete and signed agreement between the two parties, but sufficient understanding, brokered by Dr Henry Kissinger, then US secretary of state, to ensure that it has proved to be a success.

A curious anomaly has been the misnamed UN Interim Force in Lebanon (Unifil), which was established in 1978 in south Lebanon to stand between the Israelis and the plethora of forces in the area – the Shia, the Lebanese armed forces and the Israeli-backed South Lebanon Army.

Abused by all parties, particularly by Israel – which is chronically opposed to the stationing of foreign forces on its soil – and given the 1967 experience of the UN, Unifil has survived by keeping in contact with all parties in the area. It has managed, even though its UN budget is heavily undersubscribed, to do a job which no other party to the region has wanted to do. Some semblance of normal life in southern Lebanon has been possible.

The UN has not run all the peacekeeping operations. Between 1982 and 1984 the Multinational Force (MNF) in Lebanon operated in two phases. MNF 1 – between August and September 1982 – was assembled mainly to supervise the withdrawal of the fighters and families of the Palestine Liberation Organisation. The US, French and Italian contingents were successful in keeping Syrian, Lebanese and Israeli forces at bay while carrying out this task. MNF 2 was a reassembly of the first version after the appalling massacres of Palestinians in the Sabra and Shatila refugee camps in September 1982 (Britain provided a small additional contingent).

The problem with the MNF was that it had no clear, co-ordinated mandate. It withdrew early in 1984, after the US and French contingents had suffered heavily from terrorist bombings. It had no joint headquarters and there was not even agreement as to what constituted the Beirut area. The force became sucked into the fissiparous politics of Lebanon and became identified as an occupying, rather than peacekeeping, force.

The 1978, US-engineered Egypt-Israel peace treaty produced another non-UN peacekeeping force – the Multinational Force and Observers (MFO) in Sinai. The UN Security Council refused to legitimise a UN force. But this has been broadly successful, because it is based on an accepted peace treaty.

Experience of peacekeeping in the Middle East – whether UN-based or not – would seem to show that, for it to work, it should be based on non-superpower, non-Arab members and above all guided by an agreed mandate.

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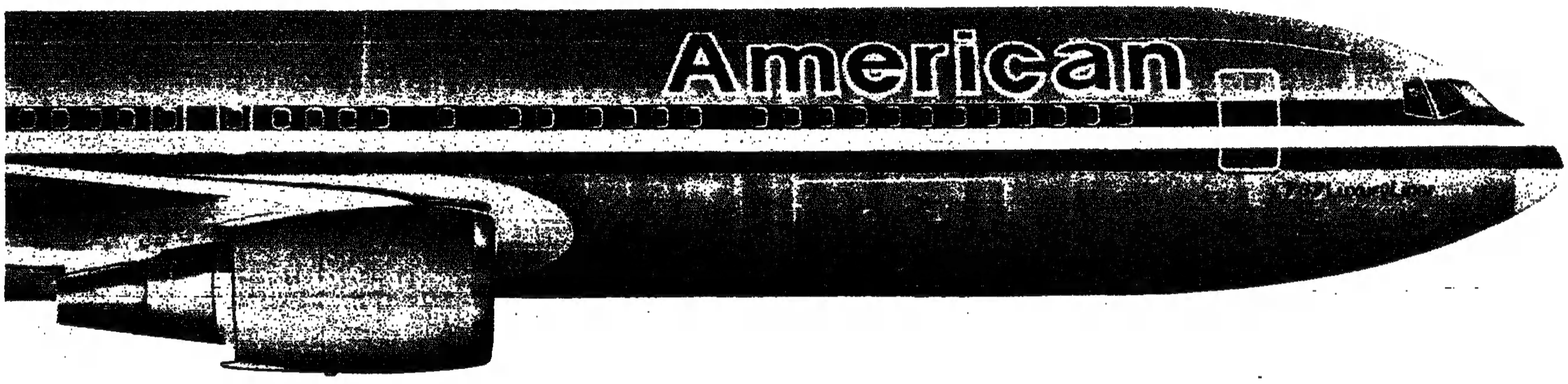

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Gorbachev, the mild dictator, identifies his enemies

By John Lloyd in Moscow

MR Mikhail Gorbachev's speech in Minsk on Tuesday night has opened a new phase in the struggle for power in the Soviet Union – not least because the Soviet president openly admitted that he was engaged in such a struggle.

It was a savage speech, but with carefully chosen targets: the radicals, the nationalists, the renegades from the Communist party who now slander it – and most of all Mr Boris Yeltsin, the Russian president. It did not come out of the blue: *it was run at full length late on* Tuesday; it was packaged for presentation in the Soviet press yesterday morning, and it was given substantial underpinning from the Communist party's central committee at a full-scale briefing yesterday.

Mr Valentin Kuptsov, the central committee secretary in charge of relations with other political forces, told an occasionally restive group of mainly Soviet journalists that the Communist party had, in good faith, decided last autumn to open itself up to new political forces and to seek relations with them. But by January, he said, it became clear that some of the new parties were hiding "unconstitutional, even criminal" aims behind bland programmes.

This was most true of the largest political party, Demo*cratic Russia – a fast* growing group which includes the Democratic Party of Russia (with a membership estimated by Mr Kuptsov at 30,000), the Social Democrats (an estimated 10,000 members) and others – which now have a number of deputies in the Russian Federation parliament and are the main base of support for Mr Yeltsin.

That group, said Mr Kuptsov, had passed from the "humanitarian policies" in their programmes to positions which, "at this dangerous, unstable time", threatened the security of the state and the people. These positions included: the call for the president to resign; the demand that the Supreme Soviet be dismissed; and opposition to a "yes" vote in the referendum on the maintenance of the Union, to be held on March 17.

In both Mr Gorbachev's speech and Mr Kuptsov's remarks yesterday, these positions came close to being branded as treachery.

It is not clear, however, what will happen to the alleged traitors. Mr Gorbachev and Mr Kuptsov both talk of "criminals" and "extremists", but neither defines, nor will be drawn on, what will be done about them.

They blast those who have publicly called for the Communist party to be put on trial – as Mr Yuri Afanasiev, the historian and USSR deputy, has done – but do not say if they have made themselves liable for trial because of it.

They talk of the Communist party being willing to co-operate with those who share the "socialist choice" it has made – but do not specify what will happen to those parties which have not made such a choice.

Mr Gorbachev's speech can be read as the signal for a further step in the imposition of a *mild dictatorship* which pushes the radicals who were once his allies, even his friends, further into the fringes until they are picked off by legal action. Or it could simply be an attempt to match the harsh rhetoric of those in the opposition, whose slogans are replete with images of disaster, of execution and of fascism.

Mr Yeltsin, *in his television* broadcast more than two weeks ago calling on the president to resign, concluded by saying: "I have made my choice. Everyone must make his own choice and determine his own position."

Mr Gorbachev, as he ended his speech to the Belorussian intellectuals, did Mr Yeltsin *the compliment of echoing* him: "I have made my choice."

It is now wholly clear that his choice is, at least for now, to side with the old leftists, the higher echelons of the army and the KGB, in opposition to his former supporters among the radicals. There is no question of a compromise or a truce. The only question remaining is the one Mr Gorbachev himself posed, twice, in his Minsk speech: will the momentum of events push the two sides towards a civil war?

PRESIDENT Mikhail Gorbachev has *threatened to detach two ethnic regions from* Georgia unless the republic's nationalist leaders sign a treaty with the Kremlin, Georgia's president said yesterday, Reuter reports from Moscow.

***Mr Zviad Gamsakhurdia, speaking at an* emergency session of the Georgian parliament, said Mr Gorbachev telephoned him on Monday to discuss ethnic clashes in the republic. He said the Soviet leader pressed him to support a new union treaty defining the relationship between the Soviet Union's 15 republics and the centre. Georgia, bent on *full independence*, is among republics refusing to sign the draft treaty.**

"From our conversation, in my opinion the centre wants to take Abkhazia and Ossetia away from Georgia and force us to sign the union treaty," Mr Gamsakhurdia said.

The emergency parliamentary session was called to discuss recent violence in South Ossetia, where local leaders declared last September they wanted to form their own republic within the *Soviet Union* rather than be part of an independent Georgia.

UK urges moves towards unified EC foreign policy

By David Buchan in Brussels

BRITAIN has presented its EC partners with proposals by *which the Twelve would* increasingly adopt a common foreign policy, and even discuss defence, while leaving all operational military decisions outside the Community.

The UK proposals, foreshadowed in a speech last week by Mr Douglas Hurd, Britain's foreign secretary, are similar to those of France and Germany in seeking to create a link between the European Council – as summits of EC leaders *are known* – and the Western European Union (WEU) defence organisation, to which the UK and eight other EC members belong.

But the British plan gives less weight to the European Council, setting guidelines for the WEU. It makes clear that the follow-up to any European Council discussion on defence issues – hitherto taboo in neutral Ireland's presence – would have to take place in WEU.

Neither *does* Britain join France, Germany, Italy, Spain and several smaller EC states in envisaging the EC eventually taking over WEU, although the UK has urged the move of WEU institutions from London and Paris to Brussels.

Earlier this week, Mr Wim Van Eekelen, the WEU secretary general, told a Centre for European Policy Studies (Ceps) conference in Brussels that it *was the British change of heart* that now made it possible for WEU to play a "bridge" role between the EC and Nato.

However, it emerged yesterday that a common European foreign policy is already costing more than the Community budget can bear.

Brussels warned that an extra Ecu2.2bn ($3.1bn) was needed in 1991-92 for already agreed aid to the Soviet Union and the Middle East and to set up a fund for unexpected contingencies.

In purely technical terms, Brussels is asking EC governments and the European Par*liament to raise the "financial* perspectives", or guidelines governing EC spending, by Ecu1bn this year and Ecu1.2bn in 1992.

This year Ecu400m is to go to the Soviet Union in technical aid and Ecu250m is to be shared between Israel and Palestinians in Israeli-occupied territories – leaving Ecu350m for contingencies in 1991 but the full Ecu1.2bn in 1992.

Politically, however, the Commission's request is a way of telling governments that they should put their money where their mouths are.

The Twelve have been virtually unanimous in proclaiming that they should have a common foreign policy, but have hardly said a word about financing it.

"The Community is going to find being a world power very expensive," warned Mr Philippe de Schoutheete, Belgium's EC ambassador, in a speech this week.

Unlike spending within the Community, foreign policy demands on the EC budget not only often arise suddenly but need to be met quickly.

This particular dilemma was highlighted last year when the Commission came under crossfire over EC aid to frontline Arab states hit by the Gulf crisis.

Britain said that Brussels was going too fast and flouting EC budgetary rules in processing the aid, while at the same time the US Administration implored the Commission to expedite the aid.

●The Commission yesterday approved plans by Germany's five new eastern states and east Berlin on how they will spend the Ecu3bn worth of structural economic aid the EC has promised them in 1991-93.

The aid will be targeted at supporting productive investment, retraining and helping agriculture in what was formerly east Germany.

Mayor Richard M. Daley sailed to victory in Chicago's Democratic party mayoral primary on Tuesday: above, he celebrates his win with victorious candidates city treasurer Miriam Santos and city clerk Walter Kozubowski, right. Mr Daley, who is now set to be re-elected mayor in the April 2 general election, scored the largest winning margin in a primary for half a century. With most of the votes counted, he took 64 per cent compared with the 30 per cent of runner-up Mr Danny Davis, the consensus black candidate.

US training offer to E Europe

By Peter Riddell, US Editor, in Washington

A SERIES of joint US public and private sector initiatives to assist management training and understanding of market economics in eastern Europe was proposed yesterday by the Bush administration.

President George Bush reiterated the US commitment to supporting reform in central and eastern Europe at a White House conference involving senior ministers from Poland, Czechoslovakia, Hungary, Bulgaria, Romania and Yugoslavia, as well as senior executives of US companies and universities.

The aim is to involve US corporations and colleges. The governments of the countries concerned have been fully involved in producing the plan.

The programme focuses on four goals to be achieved over the next three years:

● development of television programmes – explaining how market economies work – to be made available to 10m households (roughly a sixth of those with sets)

● training and retraining of 50,000 managers and workers in new management techniques

● assisting in the provision of management and economics courses for 10,000 students, predominantly in the countries concerned

● training of 200 teachers in management and economics, some being brought to the US.

In the current year some $14m is being made available by the administration and more will come from various aid and information programmes next year.

Canadian budget radiant with good intentions

By Bernard Simon in Ottawa

MR Michael Wilson has taken one of the biggest gambles in his seven years as *Canada's* finance minister. In a budget tabled on Tuesday in the House of Commons in Ottawa, the mild-mannered Mr Wilson has asked Canadians to pull in their belts another notch, when they are already feeling the pinch of recession and putting most of the blame at the door of his Conservative government.

Mr Wilson hopes that by imposing fiscal discipline and dampening inflationary expectations, he can bring down interest rates.

That would set the stage for sturdy economic recovery and renewed confidence in Canada's international competitiveness, just in time for the next federal election, which is likely to be *called at the end of 1992* or in early 1993.

But this strategy carries substantial risks.

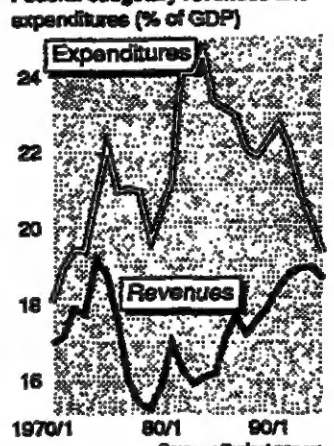
Although the Conservatives have contained the annual budget shortfall to about C$30bn (£13.6bn) for the past few years, they have singularly failed to meet their deficit-reduction targets. The assumptions in almost every budget speech Mr Wilson has delivered since 1984 have erred on *the side of optimism*.

Just a year ago, he forecast that the deficit would fall below C$27bn in the fiscal year to March 31 1992. This week's budget sets a less ambitious target of C$30.5bn, which is unchanged from 1990-91.

Mr Peter Drake, senior economist at Toronto-Dominion Bank, says that, this year again, "there are some ques*tions about the numbers." As if* to highlight that scepticism, TD's analysis of the latest budget starts with a quote from Alice in Wonderland.

Canada

Federal budgetary revenues and expenditures (% of GDP)



Furthermore, some of the budget proposals are likely to unleash strong political opposition. By proposing a 3 per cent limit on pay increases for 215,000 federal civil servants over the next three years, Mr Wilson is taking on some of the country's most powerful trade unions. One has already threatened to call a general strike this spring.

Even if Mr Wilson's forecasts and assumptions are too rosy, the business community and most economists are greeting the budget as a well-intentioned attempt to deal with some of Canada's deep-rooted economic problems. These include a public debt which has doubled in the past seven years, to the point where debt-servicing charges now gobble up 35 cents of every dollar of federal revenues.

These huge borrowing requirements are reflected in domestic interest rates. While rates have dropped sharply in the past eight months, they are still some 3.5 percentage points higher than those in the US.

Mr Wilson has forged some new tools to encourage fiscal discipline. He plans to legislate a mandatory cap on government spending to keep the average growth rate in programme outlays to 3 per cent a year.

"Any government that wants to tinker with it in the future will do so with some political loss," Mr Wilson said.

In addition, Ottawa has for the *first time set specific* inflation targets. The goal is to bring the growth in the consumer price index down to 3 per cent by the end of 1992 and 2 per cent by 1995. The consumer price index rose by 4.8 per cent last year.

But just in case the assumptions once again err on the rosy side, the fine print in the budget papers gives Mr Wilson some escape hatches. The inflation targets will have a margin of error of *1 percentage point* on either side. "Temporary adjustments" will be allowed to accommodate big changes in indirect taxes, principally the new 7 per cent goods and services tax which pushed the inflation rate up to a year-on-year rate of 6.8 per cent in January and is likely to be raised before 1995 to help meet the latest deficit-reduction targets.

US economy in further contraction

THE US economy contracted at an annual rate of 2 per cent at the end of last year, mainly as a result of falling motor vehicle production, writes Peter Riddell in Washington.

A further decline is expected in the current quarter, fulfilling the technical definition of a recession as two successive quarters of falling output.

The quarterly drop in output, the biggest for more than eight years, also saw declines in both consumer and business purchases of cars and trucks and falls in levels of business stocks, says the Commerce Department.

Excluding the motor sector, real GNP would have risen at an annual rate of 0.6 per cent.

The main change from that of the previous estimate is that the GNP price index is now estimated to have risen at an annual rate of 4.7 per cent in the fourth quarter, compared with a previous projection of a 4.1 per cent rate of increase.

New funds for S & L rescue turned down

By Peter Riddell in Washington

THE FEDERAL rescue of the US savings and loan industry is threatened with serious disruption and a possible shutdown within a week or two, following the House banking committee's rejection of an administration request for new funds.

Mr Nicholas Brady, the Treasury secretary, said yesterday that the $30bn needed in immediate funding for the Resolution Trust Corporation handling the rescue was "must-pass" legislation. "We have a solemn obligation to pay off depositors (in failed savings and loans) and we intend to get legislation so that we continue to do that."

The rescue is very unpopular politically and – before the rejection of the overall package by 31 votes to 16 – the committee had approved a series of amendments putting the rescue on a pay-as-you-go basis, requiring offsetting tax increases or spending cuts and shifting part of the burden to states like Texas and Arizona with the largest losses.

The Treasury strongly objects to these amendments.

A simple version of the bill providing funding for the current fiscal year was rejected by the Democratic majority on the committee, though it has been approved by the Senate banking committee and is due to be taken up on the Senate floor.

The probable outcome is that some limited, additional funding, will be approved within the next week or so, to allow the rescue to continue for the time being, though it is likely to be much less than the administration wants.

Delays increase the cost of the rescue. For instance, the failure by the House to approve sufficient funding last October added at least $250m to the overall costs.

There is considerable bad feeling between the administration and House Democrats over the rescue. Congressman Henry Gonzalez, the committee's maverick chairman, said the amended measure had been mugged by administration lobbyists.

Cholera epidemic threatens to deal Peru's sick economy a heavy blow

By Sally Bowen in Lima

FISH MERCHANTS gave away eight tons of cod and mackerel to inhabitants of Lima shanty towns at the weekend, trying to win back customers scared off by warnings from the Health Ministry that Peru's fish is contaminated with cholera bacteria.

Imarpe, the Peruvian Maritime Institute, ran extensive tests last week on sea products. By Sunday a spokesman declared Peru's fish "definitely not contaminated; if there is any problem, it comes from subsequent handling."

Peru is in the grip of two fevers; an unprecedented cholera epidemic and a growing fear that its already weak economy will be further sapped by counter-measures being taken by some of its Latin American neighbours.

With fears that cholera will spread to neighbouring countries, Andean Pact health ministers are today due to hold the second day of deliberations in Lima, discussing emergency measures.

The disease is now present throughout Peru, where at least 134 people have died and another 26,340 have become ill, according to official figures. More deaths normally result from Rio de Janeiro's annual carnival, but such an epidemic of a preventable disease augurs ill for the future welfare of Latin American countries like Peru, which have sustained a *decade of large public spending* cuts and collapsed infrastructures. Disease prevention – once taken for granted – has become a luxury, even in the best administered countries of the region.

The World Health Organisation has classified the outbreak as part of the seventh pandemic, which began in India in 1961 and spread to Indonesia, the Philippines, the Middle East, North Africa, Italy, the Soviet Union and even the US. Latin America had been clear of cholera for the whole of this century, until now.

Official pronouncements indicated that contaminated plankton was a prime carrier of the microbe, *vibrium cholerae*. Most of those who first fell sick had *recently eaten fish* – "but then everyone eats fish every day in Chimbote," as locals pointed out.

What is certain is that Peruvian inshore waters are heavily contaminated. Some 15 cubic metres per second of untreated sewage are estimated to pour from five large outlets around Lima.

An intensive Health Ministry publicity campaign advised Peruvians to stay away from polluted beaches, not to eat from street stalls, and to boycott shellfish and Peru's national dish, *ceviche* – uncooked fish marinated in lime juice.

The country's fish and fruit exports have been badly hit. Neighbouring countries, as well as France and Italy, closed their borders to Peruvian mangoes, melons and even canned sardines.

Despite panicky reports of cholera in south-west Ecuador, the authorities say no case has been confirmed. However, the border with Peru is closed and Peruvian products are being sent back.

In Colombia, the Health Ministry has alerted people on the Pacific coast and in the Amazon region to cholera symptoms and is distributing rehydration salts. Colombia has banned imports of fresh fruit, vegetables, seafood and milk from both Ecuador and Peru.

Two suspected cases of cholera in São Paulo have spurred Brazil into action; it has reactivated its National Commission for the Combat of Cholera. Trains and aircraft connecting the countries are now subject to health checks and foodstuffs from Peru have been removed from shops. But Mr Alceni Guerra, the health minister, said borders between the two countries would not be closed.

Doctors are warning that if the epidemic does reach Brazil it will spread quickly in the poverty stricken north-east and the slums of Rio, where there is no water supply or drainage.

Government officials in Lima have put overall losses from the epidemic at $100m (£151.5m). Fishmeal exports worth $80m have been halted in Peruvian ports pending an all-clear, despite the fact that processing kills all possible bacteria.

Peru's 17,000 small fishing boats and the 86,000 families dependent on fishing for their livelihoods are desperate. Doctors worry, too, that elimination of fish from an already poor national diet will increase widespread malnutrition.

The mortality rate of the current epidemic is low, around 0.5 per cent according to the Health Ministry. The undernourished poor are most likely to contract cholera. More than three-quarters of those affected are from shanty towns around Lima and other large cities, where sanitation is *minimal*. The Parliamentary Housing Commission estimates that only 55 per cent of Peru's houses have piped drinking water and 48 per cent mains sewage systems.

With such statistics commonplace throughout *much of* the continent, perhaps the only surprise is that similar eruptions do not occur more often.

Additional reporting by Sarita Kendall in Bogotá, Christina Lamb in Rio de Janeiro and our Foreign Staff in London.

A child plays among rooting pigs on a Lima dump infected with cholera

EUROPE IN BRIEF

Europe plans US TV rival

The European Broadcasting Union is seeking Ecu60m ($85m) from the European Commission *and Council of* Europe over six years, to help fund a European rival to the US Cable News Network, writes Andrew Hill in Brussels.

Euronews, which would be launched at the beginning of next year and broadcast in five languages, would start with a nine-hour daily service, moving to 24 hours from 1993.

Establishment and running of the channel is expected to cost Ecu21.6m in 1992 and Ecu24.3m in 1993, 54 per cent of which will would be subsidised by EBU members, 24 per cent by European public funds and the balance by sponsors and advertisers.

EC investigates Italian state aid

THE European Commission has started a formal investigation *of state aid to two* Italian companies, writes Andrew Hill in Brussels.

The Commission said public sources in Italy provided about 80 per cent of a L100bn ($91m) capital injection aimed at reviving the country's principal newsprint manufacturer, Cartiera di Arbatax.

EC officials said the aid was "prima facie" illegal because the Commission had not been told about it in advance.

The Commission has also questioned aid provided for Feralpi, an Italian steel company, in the form of a L5.1bn loan, which is part of a programme of technological improvements. It said the loan might distort competition and could be incompatible with a common market.

Companies seek government help

Confindustria, the Italian industrialists organisation, asked the government for a L2,000bn ($1.8bn) package designed to help companies cope with declining competitivity and falling demand, writes John Wyles in Rome.

The measures include increased investment grants for small and medium sized businesses, a reduction in value added tax on imported materials destined for final manufacturing, export credit insurance on terms as favourable *as elsewhere in the EC* and measures to assist labour cutbacks caused by corporate restructuring.

Czechoslovak vote on privatisation

Czechoslovakia's federal parliament has approved a sweeping privatisation law designed to facilitate the fastest possible transfer to private ownership of the 4,500 enterprises nationalised or created since the communist takeover in 1948, writes Anthony Robinson.

The enterprises have been valued at around Kcs3,500bn ($133bn) although the state is expected to receive only a small proportion of the theoretical value. Foreigners will be allowed to buy the newly privatised companies on the same *basis as nationals*.

Soviet TV curbs the commercials

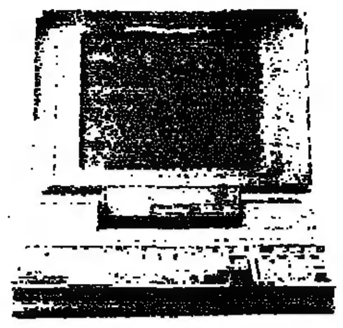
Advertisers on Soviet television are to face new restrictions on the grounds that commercialisation is affecting programme quality and that the current system is poorly regulated, writes Andrew Jack.

Mr Leonid Kravchenko, chairman of the state committee for radio and television, said that new regulations governing payment, scheduling and what products could be advertised were *likely to be* introduced shortly.

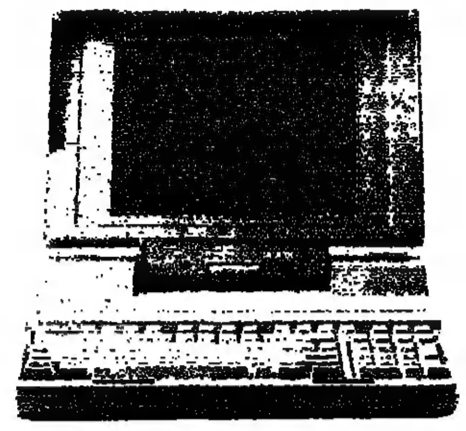
Lithuania pays for price rise

The government of Lithuania, which has proclaimed its inde*pendence from* Moscow, has begun to pay compensation to the population in advance of price rises expected to be imposed early next month, writes John Lloyd in Moscow.

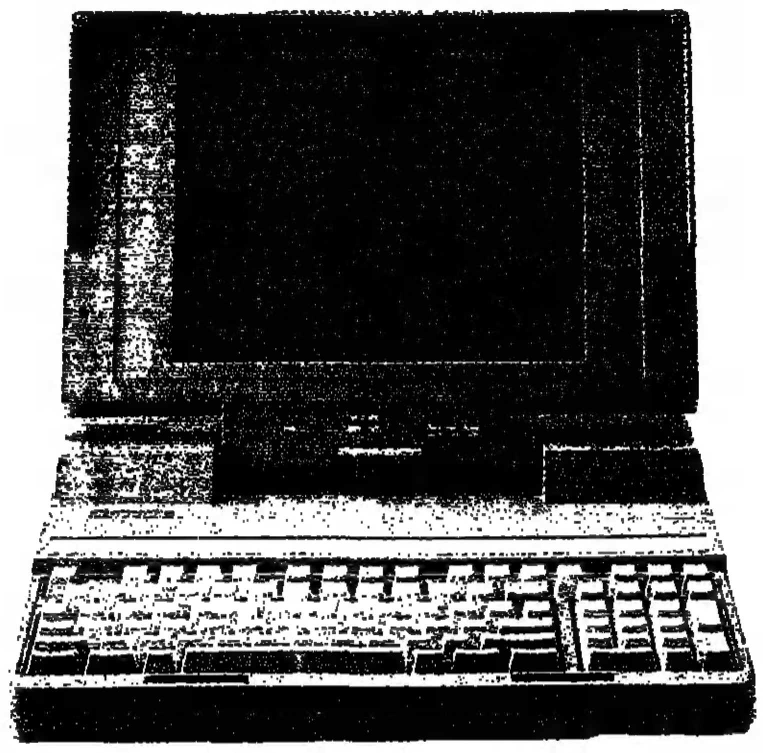
Lithuanian wage-earners will receive a rise of Rbs105 a month (about 40 per cent of the average wage); unemployed will receive Rbs85. The money will be paid from the republican budget.



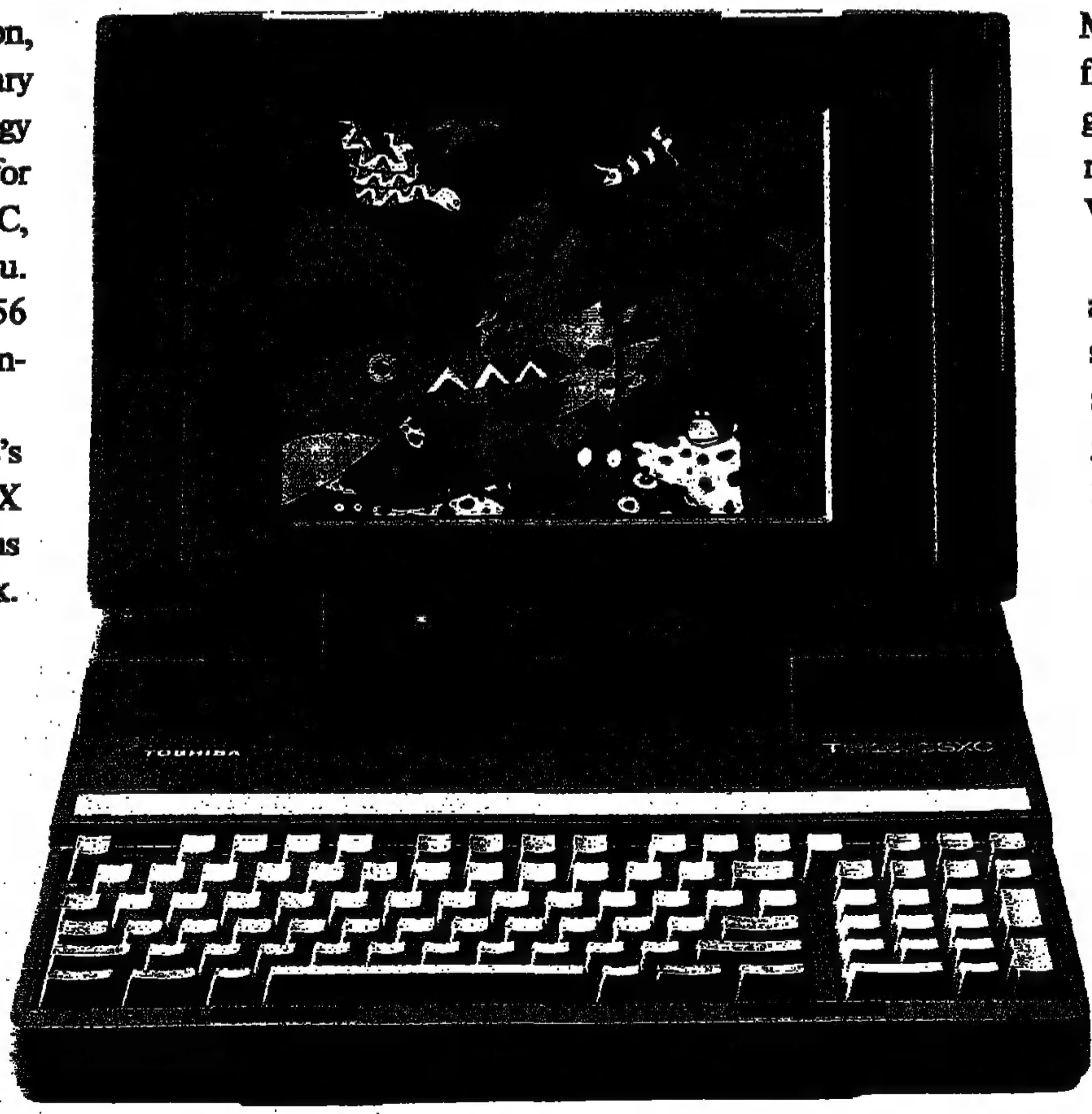
The road to PC mobility



is often paved with minor advances.



But now a major breakthrough: the T3200SXC.



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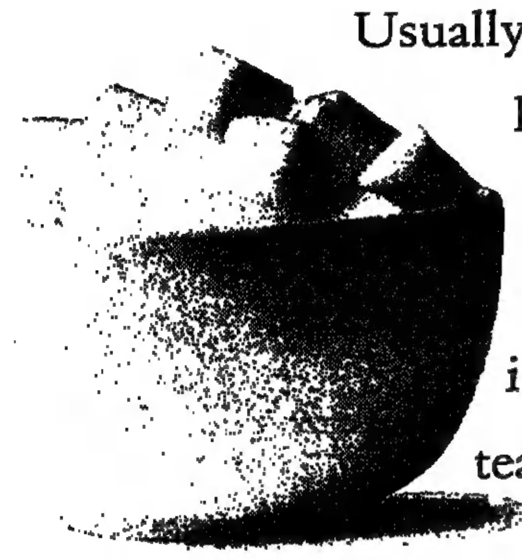
Diarrhoeal disease is the biggest killer of children under five in the world.



Usually, it isn't diarrhoea itself that kills these children but the dehydration caused by it.

Dehydration so bad that *it can stop a child producing tears when he or she cries.*

There is a cure.

Doctors have proclaimed it as "potentially the most important medical breakthrough this century."

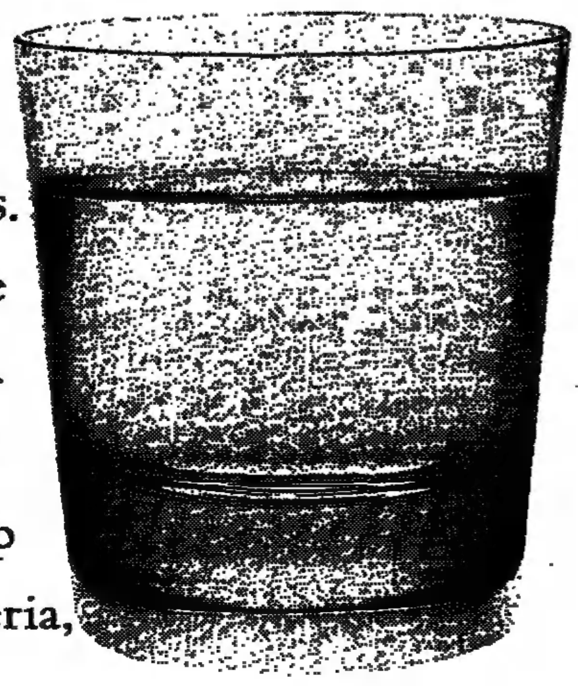
It isn't penicillin. And it isn't some new magical vaccine. It's sugar, salt and water. Mix them correctly and they provide the solution that will save these children.

This treatment, used by UNICEF, is called ORT (Oral Rehydration Therapy) and it is responsible for saving one million children every year.

One ORT sachet, enough to save one child, costs a mere seven pence.

But this is just one example of how cheap it is to save a child in the developing world.

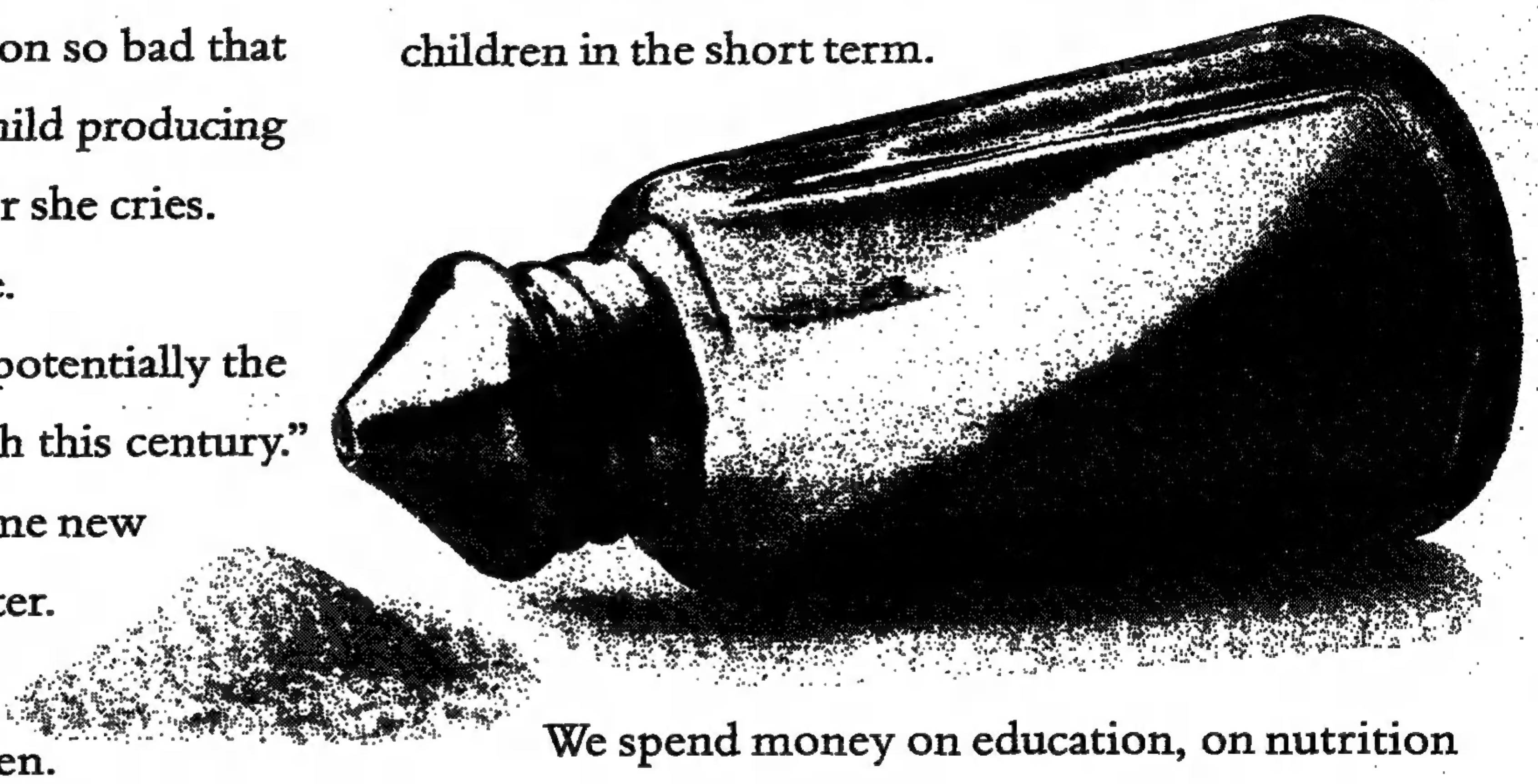
For just ten pence, we can provide the vaccine to save a child dying from measles.



Three pence provides the vaccine against tuberculosis.

And six pence is all it costs for the vaccines to help protect a child against diphtheria, whooping cough and tetanus. So far, UNICEF has helped inoculate about three quarters of the children in the developing world, saving two million young lives every year.

But we are not only interested in saving children in the short term.



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THE UNITED NATIONS CHILDREN'S FUND

INTERNATIONAL NEWS

Brittan to press Tokyo and Seoul on freer markets

By Andrew Hill in Brussels

SIR Leon Brittan, European commissioner responsible for financial services and competition, is next week expected to urge South Korea to speed opening its financial markets to European companies, or risk reciprocal curbs on Korean institutions developing their business in the EC.

Sir Leon begins a two-nation visit to Japan and South Korea today, meeting the governor of the Bank of Japan. He flies to Korea on Sunday and will see the finance minister next day.

European banking, securities and insurance companies see South Korea as a harder market to penetrate than Japan. In both countries, Sir Leon is likely to stress that much remains to be done to ensure genuine equal access for EC financial institutions. The Commission plans to draw up a report by mid-1992 on how far European companies have been able to penetrate other financial markets. Publication could mark the point at which the EC will start taking any counter-measures.

In Japan, Sir Leon is likely to focus on issues such as government control of interest rates, curbs on inter-bank trading, and general access to securities markets. He aims to encourage the Japanese to develop competition policy as an essential part of the move to an open economy. On Friday, he meets members of parliament, industrialists and the chairman of Japan's Fair Trade Commission. Sir Leon is expected to raise the issue of Japan's restrictive distribution network and system of sole import agents, which EC officials say act as a discouragement to European exporters.

Sir Leon wants to pursue the principle in Japan and Korea that EC industry should be able to expand there in the way Japanese industry has expanded in Europe. He may also press Japan to allow foreign commercial banks to enter the market.

Sir Leon is likely to invoke Gatt and the counter-measures laid out in a number of EC directives in his attempts to persuade the Japanese and Koreans to open their markets. Last October, an EC official warned Tokyo that the EC trade deficit with Japan was too big, at roughly $25bn, (£12.6bn) and delays in removing obstacles to imports could hinder bilateral relations.

● Germany's Jos. L. Meyer shipyard has signed an agreement to build five passengers ships for Indonesia for DM523.2m (£181m), AP-DJ reports from Jakarta. Delivery of two 14,400-ton ships is set for May and December 1993, with delivery of three 6,100-ton ships expected between June and December 1994.

Korea hits US, Japan groups with high duties

SOUTH Korea has imposed high preliminary dumping duties of up to 108 per cent on one Japanese and two US companies for allegedly selling polyacethal resin on its domestic market at below their home market prices, Peter Montagnon, World Trade Editor, writes.

The decision, which affects E.I.Dupont de Nemours and Hoechst Celanese of the US, as well as Asahi Chemical Industry of Japan, is likely to fuel worries about the increasing use of anti-dumping measures by developing countries.

Trade economists in both Europe and the US are also more generally concerned that their governments' own active use of the anti-dumping weapon may backfire by encouraging developing countries to behave similarly.

The rapid shift from a surplus of $5.1bn (£2.57bn) into a deficit of $2.1bn in South Korea's current account balance of payments last year has also called in question its willingness to open its domestic markets.

The duties were imposed following a complaint by Korea Engineering Plastics. The Korea Trade Commission is due to decide by mid-April on whether injury has been caused to local industry. A definitive decision on the duties will be announced by the South Korean Ministry of Finance within three months.

South Africa looks for export-led growth

Businessmen feel encouraged to take a more positive view, **Philip Gawith** writes

THINGS have changed, but it's not back to normal." The speaker is Mr Hermann Bohmer, an international marketing manager at KWV, South Africa's largest wine exporter; his comment reflects the experience of most South African exporters.

President F.W. de Klerk's reform initiatives have brought them to the threshold of normalised trade relations. But normality is not yet at hand.

The export environment has undoubtedly improved, although it has yet to translate into higher profits. But few doubt these will soon follow.

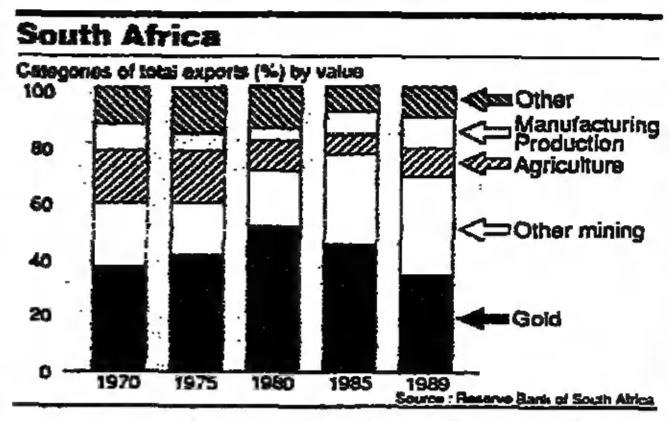
While financial sanctions inflicted considerable damage on South Africa, the experience of trade sanctions has been more ambiguous. The ratio of merchandise exports to gross domestic product, in real terms, increased from 12.6 per cent in 1983 to 20.4 per cent in 1989.

And 1990 was the seventh consecutive year in which the volume of exports increased, leading Dr Chris Stals, governor of the Reserve Bank, to conclude recently that trade sanctions "seemed to have had little effect on the country's total exports".

Dr Stals, however, would be the first to add two important caveats: without sanctions this performance would have been considerably improved; and, while volume exports have been maintained, this has often been at the expense of profit, with exporters being forced to use expensive middlemen and accept political discounts on their products.

A familiar example is coal, South Africa's second largest foreign-exchange earner after gold, which lost about 10m tonnes, or a quarter, of its export markets because of sanctions in 1986. The volumes have been replaced, but at a political discount of about $3 to $5 a tonne, costing the local industry about $200m (£101m) a year. But Mr Mike Salamon, managing director of Trans-Natal coal, a major exporter, believes that discount is already disappearing as international relations improve.

Likewise steel. Sanctions cost South Africa its two most profitable markets, the US and the EC, where it was selling about 0.5m tonnes of steel a year in each. Mr Lesley Boyd, chairman of Highveld Steel, one of South Africa's major producers, is optimistic about prospects. "We're very confident of regaining these markets. At R5 to the pound, we'd love to be selling in Britain."



Already there is clear evidence that the deciduous fruit industry is benefiting. Sales to Holland, for example, have increased five-fold as attitudes to South Africa have improved. Soft fruit sales exports are 20 per cent up on 1990 figures.

Mr Wim Holtes, chief executive of the South African Foreign Trade Organisation, believes the major effect of South Africa's improved reputation has been a boost to confidence. "There is a tremendous feeling of optimism - that we will be able to access any market we want. Also, people at an official level are going to do business with South Africa, whereas in the past business was done at an unofficial level." He said it might be a while before the benefits of the improved climate fed through. Businessmen were reluctant to invest in new plant when the climate was difficult and returns unfavourable.

Mr Holtes believes profits will improve as South Africa is able to participate publicly in the best markets. Development of long-term contractual relationships - instead of doing most trade in the spot-market, involving small parcels - will also make exporting more attractive. "As you get big buyers coming through, so investment will be made."

Much is heard in South Africa about the need to generate export-led growth, particularly from manufactured goods. The role of gold has become less prominent. Mr Barend du Plessis, minister of finance, boasts proudly that he has not mentioned the word gold in a major policy speech since taking office in 1984.

To some extent the government's efforts to diversify have succeeded: gold's share of exports dropped from 50.9 per cent in 1980 to 32.7 per cent in 1989. Yet South Africa remains a commodity exporter. Primary products, including mining, farming, fishing and forestry, made up 71 per cent of exports in 1989.

Manufactured goods have gone from 18 per cent of exports in 1980 to 29 per cent in 1989, so there has been progress. The real test will be whether this trend can be maintained, even accelerated.

With the improved political climate, prospects must be good. Exporting was hazardous in the sanctions years. Now that restrictions are slowly being removed, businessmen will feel encouraged to take a more positive look at prospects.

Wine exporters benefit from better trade climate

SOUTH Africa's big wine exporters are already benefiting from the improved trade climate resulting from political reforms in the country. But they are aware of the problems of regaining, or capturing, market share, Philip Gawith reports from Johannesburg.

They also remain extremely cautious. Instincts cultivated in a siege environment have not fully been discarded.

But Mr Hermann Bohmer and Mr Dick Coleshaw, international marketing executives at KWV and Stellenbosch Farmers Winery (SFW), the country's two biggest exporters, are bullish. They report a "fantastic" upsurge in export interest, while cautioning that these will only translate into sales when apartheid legislation is actually repealed. Currently, about 20 per cent of the 900m-litre annual crop is exported, mostly in bulk.

Mr Bohmer believes the favourable exchange rate position means South African wines offer a good price/quality relationship. Novelty is a factor: South African wines have, for most practical purposes, been off the international market. Yet they come without the risk of the total newcomer. Completeness is another: shops want to be able to offer a full international portfolio. Finally, there is the "forbidden fruit" element: customers will be curious to know what they have been missing all these years.

There are also some negatives to the equation, particularly the recent advance of the New World wine regions of California, New Zealand and Chile. "We are going back into a far more competitive situation," says Mr Coleshaw.

South Africa's persistent double-digit inflation rate is a problem. "If we go to our markets with 15-20 per cent price rises, they become hysterical. We're going to have to be careful not to price ourselves out of our markets." A priority will be regaining lost markets - predominantly the US and Commonwealth.

Troops watch as women enter a polling centre for Bangladesh's first free elections in 20 years

Torture 'routine in Burma jails'

By Roger Matthews

FURTHER evidence of the gross violation of human rights in Burma and the regime's refusal to hand over power to the victors of last May's general election is provided in a new report drawn up by the United Nations Commission on Human Rights. The report is being discussed by a meeting of the commission in Geneva this week.

Professor Sadako Ogata of Japan compiled the study after a six-day visit to Rangoon at the beginning of November last year, made with the co-operation of the Burmese authorities. She has subsequently been appointed UN High Commissioner for Refugees.

Since Mrs Ogata's trip to Burma, the ruling State Law and Order Restoration Council (Slorc) has continued to arrest opposition politicians, has banned more parties and, despite protestations to the contrary, has shown no indication of ever relinquishing power voluntarily.

Mrs Ogata was denied access to all the detained politicians she wished to see, including the leaders of the National League for Democracy (NLD), which won a huge majority in last year's general election. She was also unable to visit any prisons or other places of detention where torture is said to be almost routine.

The report is remarkable for its fairness in presenting the Slorc arguments, and for the moderation of its language. It concludes that there is no evidence to support the regime's contention it is preparing to hand over power, while the detention and imprisonment of opposition politicians served only to negate Slorc's contrary assertion.

Mrs Ogata reported the particular distress experienced by families trying unsuccesfully to locate people who had been arrested, and her concern that a member of the NLD she wished to see had died in custody during her visit to Burma.

A few weeks after Mrs Ogata's trip to Rangoon, Slorc formally banned the NLD and this year has banned four more parties. It has also moved more forcefully against Buddhist monks, who were in the forefront of the popular movement to establish democracy in the summer of 1988.

Hundreds of monks have been arrested this year amid an increasing number of raids on monasteries. Simultaneously, Slorc officials have begun to make public gifts to selected senior monks, presumably as a reward for remaining loyal to the regime.

India grounds helicopters again

By David Housego in New Delhi

THE Indian government has for the second time grounded India's entire fleet of 19 Westland-30 helicopters acquired from Britain under an aid grant in 1986.

The suspension of flights means there is little chance the aircraft will fly again. Air Commodore C.M. Singla, chief executive of Pawan Hans, the Indian public-sector company that has operated the helicopters, said yesterday he had asked the government for the cost of maintaining the aircraft to be taken off the company's books.

Even though flights have been suspended, Pawan Hans is currently still obliged to bear the costs of depreciation and insurance. The British government is opposed to the transfer of the helicopters to the military, probably the only possible customer. British aid rules prevent transfer of equipment purchased under an aid grant to a military user.

The second grounding of the helicopter fleet came after what Pawan Hans claims were a "worsening trend in the machine's performance" and "unscheduled stops".

Air Commodore Singla says staff of the Oil and Natural Gas Commission (ONGC), the state-owned oil group for which Pawan Hans was operating flights, refused to fly on the aircraft. Rolls-Royce, manufacturers of the Gem engine that powered the helicopter, said that when the second grounding occurred, 34 serviceable Gem 60 engines were available for the Pawan Hans fleet and that engines were being repaired in sufficient quantities to support the ONGC operation fully.

Rolls-Royce said a committee headed by Dr S.A. Hussainy, appointed in 1989 to look into the safety and maintenance of the Westland-30, had made no criticism of the helicopter in terms of safety or airworthiness.

Of the original fleet of 21 helicopters, two have crashed - one as a result of pilot error and the other because of a maintenance failure. In December 1989, a third helicopter made a hard landing soon after take-off, prompting the Indian government to suspend operations of the fleet for the first time.

Drive for 'Gatt Plus' trade group

SENATOR Lloyd Bentsen, US Senate finance committee chairman, will hold hearings on possibly creating a new multilateral trade organisation, sometimes called "Gatt Plus", Nancy Dunne reports from Washington. This would be for nations pledged to greater liberalisation than seems achievable under the General Agreement of Tariffs and Trade.

The senator, a likely candidate for the Democratic presidential nomination next year, was an architect of the 1988 trade legislation, which fended off most protectionist demands in Congress, endorsing a drive to gaining more access to foreign markets for US business.

The senator has complained about the Most Favoured Nation (MFN) principle inherent in Gatt. This, he said, encourages "hitch-hiking" by countries granting few concessions but benefiting from the "small group which gives a lot". In the current Uruguay Round, only three countries have offered specifically to liberalise trade in services.

Mr Bentsen said the finance committee, which holds jurisdiction over trade in the Senate, will explore the MFN problem and the possibility of setting up a "Gatt Plus". Limiting benefits to those countries willing to pay the price would encourage concessions from others, he said.

President Bush will by tomorrow formally seek an extension of his "fast-track" negotiating authority, to permit an extension of the talks under the Uruguay Round and negotiations for a North American Free Trade Agreement. Mr Bentsen said the request would be opposed by "forces" against either the Round or the FTA. Either house can kill the request within 90 days of submission by majority vote.

LABOUR PARTY

UK opposition condemns Saddam

By Ivo Dawnay, Political Correspondent

THE national leadership of the opposition Labour Party yesterday implicitly endorsed continuing allied military operations in the Gulf with a strongly worded condemnation of President Saddam Hussein's failure to take the necessary steps to stop the war.

But the party's national executive committee (NEC) also signalled a possible end to the *cross-party* consensus on the Gulf crisis when it emphatically reaffirmed its support for the United Nations' to take the leading role in brokering the peace.

While a motion passed by the NEC underlined that the government has limited its war aims to the UN security council resolutions, there is widespread suspicion among Labour backbenchers that Washington may seek UK backing for efforts to enforce a peace on the coalition's terms.

Mr Douglas Hurd, the foreign secretary who was last night discussing peace objectives in Washington, has hinted that the Gulf Co-operation Council could have an enhanced role in policing the region.

While excluding the permanent presence of land forces from the western allies, he has not ruled out a continued naval presence in the Gulf area.

Tony Benn: called for an immediate ceasefire

Labour looks unlikely to back such a position if it is not explicitly part of a package of peacekeeping measures agreed under the UN's leadership.

Yesterday's motion, agreed by 18 votes to three, strongly condemned "the inhumanity of Saddam Hussein" in refusing to take action to "ensure no further harm comes either to the Iraqi people and the Iraqi forces or to other civilians and forces in the area."

An amendment, tabled by left-winger Mr Tony Benn, calling for an immediate ceasefire was defeated by 18 votes to five with Mr Dennis Skinner, Ms Clare Short, Ms Anne Davies and union representative Ms Barbara Switzer voting in support of the veteran rebel.

But the resolution then went on to highlight the UN's role at the end of hostilities. It insisted that the UN and the international community should use "political and diplomatic means" to enforce disarmament *"and the ending of* regional super power status for Iraq and for every other country in the region."

Backing an international conference as "an essential means" for achieving peace, it also undertook to work for "the strengthening and modernising" of the structure and effectiveness of the UN.

In a radio interview later yesterday, Mr Gerald Kaufman, the party's foreign affairs spokesman, said that reports that Iraq had agreed to comply with the 12 UN resolutions but demanded the end of economic sanctions did not make sense.

"You can't say that you accept all the resolutions and then immediately say that you don't accept three of them," he said.

● Labour's NEC yesterday formally launched an investigation into the Labour group on Lambeth council in south London following the furore over its intervention in the Gulf crisis.

The party leadership was infuriated last month when rebel councillors, critical of official policy, ignored warnings from party headquarters and pressed ahead with a debate on the war.

Ensuing hostile press headlines claimed that Labour had forbidden council employees from demonstrating support for Britain's armed forces.

Announcing the investigation yesterday, Mr Larry Whitty, the party's general secretary, said that Lambeth councillors had no authority to discuss the issue.

Lambeth has long been regarded by officials at Labour's Walworth Road headquarters as one of the last hotbeds of the so-called "loony left" who are held to have damaged the party's performance in London at last year's local elections.

BBC attacks curbs on product advertising

ANY ATTEMPT to restrict the *BBC advertising its products* on its own channels would be "perverse", according to Mr Michael Checkland, director general, writes Andrew Jack.

"To stifle our enterprise at a time when the government itself has been urging us to bigger and better endeavours is hardly logical," he said in a speech read on his behalf by Mr Howell James, BBC director of corporate affairs, at the FT conference on cable TV and satellite broadcasting.

His comments came after proposals in the Sadler report on cross-media advertising to restrict the BBC's ability to promote its own publications.

Mr Checkland also revealed details of the taskforces being established to advise on the renewal of the corporation's charter. Fifteen groups, guided by McKinseys, the management consultants, will review all aspects of the BBC's activities, including its international role.

FT CONFERENCE
CABLE TV & SATELLITE BROADCASTING

Mr Andrew Knight, executive chairman of News International, called for an end to the *technology war between* D-MAC and PAL, the competing satellite transmission technologies. He warned that the D-MAC standard, endorsed by an EC directive in 1986, was misguided and could lead to Europe being left behind the rest of the world.

Mr Knight said he believed it would be possible to find common ground between the two standards "quite quickly".

Mr Jon Davey, director of cable at the Independent Television Commission, said the number of British households connected to cable TV was 149,000 on January 1, compared with 87,000 at the same time last year. However, he warned that the recession, and the credit squeeze affecting US backers, was slowing the industry's expansion. He predicted that pressures towards *consolidation among* cable franchisers would quickly reduce the current 35 companies to about 25.

Mr Stewart Blair, vice-chairman, chief executive officer and director of United Artists Entertainment, was more optimistic. He released details of a £32m partnership between his company and a group of UK operators representing nearly 60 per cent of the market to supply a 24-hour news channel and another showing "classic American serial TV shows".

Mr Bill Cotton, chairman of *Noel Gay Television, said the* high quality of British broadcasting was a function of stability, which would be in short supply in the 1990s. He predicted that the independent production sector would soon comprise a few large companies, and said other broadcasters' hostile attitude towards franchisers would have to change.

NATIONAL INSTITUTE REVIEW FORECAST

	Home economy							World economy		
	Real GDP† Total	Non-oil	manu. output‡	Jobless◆	RPI▼	Current Balance◆	PSBR◆	Real GNP☆	Consumer Prices	World Trade★
1990	1.0	1.0	-0.3	1.8m	10.0	-£16bn	-£1bn	2.4	4.4	5.5
1991	-1.4	-1.6	-5.8	2.4m	4.2	-£9bn	+£5bn	1.6	4.6	6.1
1992	2.1	1.9	1.0	2.6m	4.2	-£10bn	+£9bn	2.5	4.3	7.2

†Output measure, % change, year on year. ‡% change, year on year. ◆UK, wholly unemployed (excluding school leavers), fourth quarter. ▼% change, fourth quarter on fourth quarter. ◆year. ◆Fiscal year. ☆major seven countries, % change, year on year. ★ Volume of world trade, % change, year on year.

Researchers say recession to continue

By Peter Marsh, Economics Staff

THE recession is deepening, with no sign that the end is in sight, the National Institute of Economic and Social Research says in its latest review published yesterday.

It predicts more pressure on company profits later this year and "a further substantial rise in company failures, bankruptcies and job losses."

The institute, an independent research group, expects a modest upturn in the economy *after the summer, fuelled by* cuts in interest rates and inflation, but warns this will have little impact on the numbers of people out of work, which will carry on rising until well into next year.

By the end of 1991, unemployment is likely to rise by about 500,000 to reach 2.5m. It will peak at about 2.6m in late 1992.

The gloomy forecast on the jobless total next year will not be welcomed by the government, which by mid-1992 has to fight a general election. The institute says an election remains a "real possibility" this year.

Changes in the UK economy will be against a background of weakening economic activity in the other large industrialised nations.

The institute predicts output growth this year of 1.6 per cent in the leading seven developed countries – the US, Japan, Germany, France, Italy, Canada and Britain – as against 2.4 per cent last year. The Japanese and German economies are likely to continue to expand relatively strongly, while output growth in the US and France will remain sluggish.

Although the institute *believes the rate of rise of* retail-price inflation in Britain will be down to about 4 per cent by December, compared with 9 per cent in January, it says that large rises in wage costs remain a big problem both for UK employers and the government.

To counter this trend, it suggests a new European inflation index, based on price levels in the main European countries, as a way of publicising trends *of inflation outside Britain.*

This new index could be used in pay bargaining negotiations, with the support of trade unions, the government and large employers, as a way of bringing pay rises throughout European countries closer into line.

Virtually all areas of the UK economy will be hit by this year's downturn, according to the review, with total output likely to fall to 1.5 per cent. This will be the first significant fall in output since the recession in 1981, which saw an output decline of similar proportions.

Particularly sharp falls in production are likely this year in manufacturing, distribution and construction.

Manufacturing, output from which is expected to decline by *nearly 6 per cent this year* after several years of sustained growth, will probably reach a low point only slightly above its production level in 1979, the institute says.

The institute is particularly gloomy on unemployment. Heading the dole queues will be workers in manufacturing and construction, although the self-employed and people with jobs in service sectors will also be hard hit.

The review warns that the government's official figures may underestimate the extent of job losses.

"This arises from the fact that the non-manufacturing sector contains many part-time female workers who do not qualify for unemployment benefit and (who) will consequently not appear in the official unemployment count," it says.

Depressed demand and weak business confidence will lead to an 11 per cent decline this year in fixed investment.

Capital spending in manufacturing is likely to fall 17 per cent over the year, while housing starts are likely to fall by by 11 per cent.

The outlook for exports, which have grown strongly in recent years, is reasonably *favourable.*

World trade is likely to expand by more than 6 per cent this year, compared with 5 per cent last year. UK exports should have "a good year" in 1992, says the review, although their growth in 1991 will be limited to 1.5 per cent, after 5 per cent last year.

Buoyed by the modest recovery later this year, sparked partly by an expected drop in base rates to 12 per cent by *December, consumer spending* should pick up by about 1 per cent in 1991, after showing no increase in 1990.

With the upturn in spending *by consumers should come* further growth in the UK stock market and a recovery in the housing market, leading to a 2 per cent increase in overall output next year.

BRITAIN IN BRIEF

Tories keen to privatise British Coal

A clear commitment to privatise British Coal during the lifetime of the next parliament will be included in the Conservative party general election manifesto, senior ministers have decided.

British Coal is one of the few large nationalised industries left to be sold, once the sale of the electricity supply industry is completed this year.

Officials from the Department of Energy are now working intensively with British Coal on some of the technical issues that need to be resolved before privatisation.

These include the future of British Coal's responsibilities for mining subsidence, pension payments to the large number of retired *miners, and licensing of small* private mines.

Poll tax gets radical review

Mr Michael Heseltine, the *environment secretary,* refused to say whether the government planned to scrap the controversial poll tax which pays for local services. However, he confirmed that he was considering a return to a property-based system of local taxation.

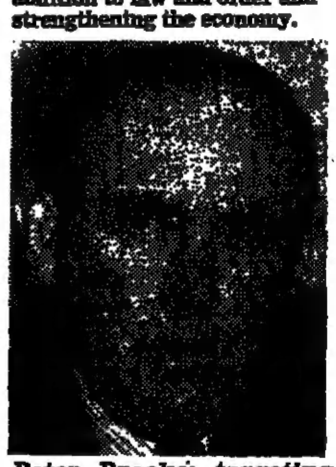
Speaking in the House of Commons, he avoided saying whether he was prepared to see the abandonment of the "poll tax principle".

Instead, Mr Heseltine confirmed that the government's review of the charge, now into its second month, would look at all options, including domestic property taxes.

Ulster job equality urged

The government is to give greater priority to improving the job prospects of Protestants and Roman Catholics in the most deprived areas of Northern Ireland, Mr Peter Brooke, the Northern Ireland secretary, said.

Mr Brooke said "targeting the social need" would be a third public expenditure priority in the province, in addition to law and order and strengthening the economy.



Peter Brooke: targeting Ulster's social needs

He said it was "obscene" that an individual's employment prospects should be determined by his or her religion.

Electricity price rise set at 11%

Electricity prices to domestic consumers will rise by an average of about 11 per cent, according to the industry.

The 12 regional electricity companies of England and Wales will announce increases to domestic consumers of between just under 10 per cent and 12 per cent from April 1, a number of regional companies confirmed.

The new prices will be subject to regulation by Offer, the industry's watchdog, which can invoke a special price-capping formula or "subsidiary cap".

Single European pensions market

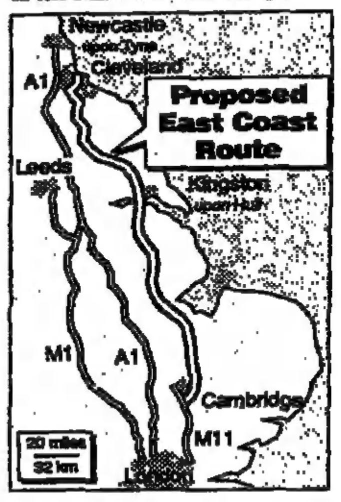
The working paper issued recently by the European Commission setting out ideas for a single European pensions market offered exciting possibilities for UK investment institutions, Mr David Darbyshire, partner in the accountancy firm, Arthur Andersen, said.

He said the proposals, if incorporated in the subsequent directive, would offer institutions a larger number *of funds to manage,* including funds which far exceeded in size those of the largest UK *pension funds, British Coal* and British Telecommunications.

North-south link proposed

Local authorities from east and north-east England have published proposals for a £950m road stretching 240 miles from London to *Cleveland.*

The road would provide a direct, fast route along the east coast of England from the end of the M11 near Cambridge



to Lincoln, Hull, York and Teesside, in north-east England, where it would join the A19 west of Hartlepool.

The project's sponsors say that north-south communications between these areas are unsatisfactory because the A1 – itself due to be upgraded to motorway standard – is too far west to serve them properly.

It believes a high-quality road built to motorway standard would increase the east's competitiveness in an increasingly integrated Europe and lead to the creation of up to 60,000 jobs.

Greens fear more acid rain

Many power stations in Britain will continue to cause acid rain, which damages lakes and forests, despite the government's stated commitment to cut this type of pollution, according to the environmental organisation Friends of the Earth (FoE).

It named power stations which, it claims, will cause acid rain in vulnerable areas because they will not be fitted with expensive equipment to remove sulphur dioxide from emissions.

FoE also accused the Department of the Environment of delaying publication of detailed maps showing which parts of the country were vulnerable to various types of pollution.

The department denied this and said the maps would be published very shortly.

Coastal warning

Posters will be put up at British coastal resorts this summer giving water quality on local beaches so that holidaymakers can assess pollution levels.

UK NEWS

Nissan to fight UK distribution case in Japan

By Kevin Done, Motor Industry Correspondent

NISSAN MOTOR, the Japanese car maker which [redacted] in a fierce legal battle with Nissan UK, [redacted] privately-owned British distributor, hopes to settle the dispute through arbi[redacted] in Japan [redacted] avoid an embarrassing confrontation in the English courts.

At the beginning of February, Nissan UK [redacted] a writ against [redacted] seeking to stop [redacted] Japanese car maker ending [redacted] lucrative UK distribution agreement and claiming substantial damages.

Nissan [redacted] yesterday that under [redacted] terms of the original distribution agreement, which came [redacted] effect [redacted] beginning [redacted] 1971, any disputes were [redacted] be settled under international arbitration rules in Japan.

It [redacted] expected a High Court hearing [redacted] be [redacted] in April or May [redacted] determine whether the case should proceed [redacted] the UK [redacted] in Japan.

The [redacted] between the [redacted] companies erupted publicly at the [redacted] December when Japan's second largest [redacted] maker [redacted] it had given [redacted] notice [redacted] terminate the distribution agreement with effect from [redacted] end of 1991.

Nissan accounts [redacted] more than 5 per cent of the UK new car [redacted], [redacted] double its [redacted] rival, with [redacted] last year [redacted] and [redacted] commercial [redacted]

[redacted] has [redacted] the exclusive importer/distributor franchise for Nissan vehicles [redacted] for [redacted] years and has built up a 380-strong dealer network.


[redacted] fighting Nissan move

Nissan Motor has said [redacted] planned to establish [redacted] own dealer network [redacted] begin operations [redacted] early [redacted] and is already [redacted] negotiation with several of [redacted] larger publicly-quoted UK dealer groups as well [redacted] hundreds [redacted] independent dealers.

[redacted] controlled by Mr Octav Botnar, [redacted] 77-year-old German national of [redacted] European origins, [redacted] chairman and [redacted] director.

Mr Botnar [redacted] also chairman and managing [redacted] Automotive Financial Group Hold[redacted] the biggest motor dealer [redacted] in [redacted] UK, which currently [redacted] more [redacted] half [redacted] vehicles sold [redacted] the [redacted] through [redacted] 170 [redacted] dealerships.

Industry to seek lower interest rates

BRITISH industry has seen its annual interest rate bill cut by [redacted] £500m in the [redacted] but companies made it clear yesterday that they need further reductions to help them emerge from the recession, writes Our Industrial Staff.

The [redacted] cut was welcomed as [redacted] move which would reduce [redacted] and also help in [redacted] toration [redacted] consumer and business confidence.

Several companies and organisations indicated their [redacted] that the [redacted] of the recession [redacted] have been reached and that [redacted] upturn is finally underway and might [redacted] begin to accelerate.

Hope was expressed [redacted] the step-by-step reduction in interest [redacted] would continue and that a further [redacted] could still be announced around the time [redacted] the budget on March 19.

The Confederation [redacted] Industry, yesterday [redacted] the latest reduction [redacted] "precisely [redacted] right move".

Mr John Banham, the [redacted] director general, said industry would be encouraged by [redacted] cut, which would have to be followed by further [redacted] as inflation [redacted] fall. And Mr Peter Morgan, [redacted] general of the Institute of Directors, said the move should help reassure business [redacted] the worst [redacted] over.

Dollar holds key to cut in interest rates

Peter Norman on why economic indicators are increasingly taking a back seat

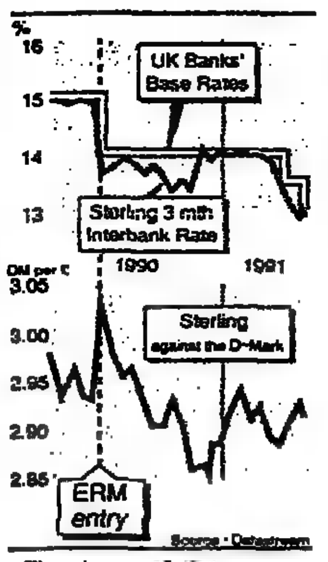
[redacted] ability to cut the bank base rate by a half percentage point for the second time in [redacted] owes as much to the recovery [redacted] the dollar on foreign exchange markets [redacted] new evidence of disinflation in Britain.

For although the pound [redacted] been a member of the exchange rate mechanism of the European Monetary System for four [redacted] a half months, it is still subject [redacted] the pull of the greenback.

Sterling has come [redacted] occupy [redacted] pivotal position between the dollar and the D-mark, reflecting Britain's closer trading and financial [redacted] with the US. In the two weeks between the half point base rate cut on February 13 and yesterday's cut in [redacted] to [redacted] cent, [redacted] dollar rose by [redacted] than 5 pfennigs against the D-mark lifting the pound by more than [redacted] pfennigs in its wake, and [redacted] the bottom of the ERM grid.

The importance of the dollar rate in yesterday's [redacted] decision illustrates [redacted] the Treasury and [redacted] of England surveyed [redacted] range [redacted] before deciding on [redacted] latest cautious easing of the UK's monetary stance.

The authorities had [redacted] for [redacted] time that domestic [redacted]nomic indicators such as money supply and bank lending were no longer standing in the way [redacted] a [redacted] rate cut.



The timing [redacted] undoubtedly influenced by [redacted] approach of next week's by-election in the Conservative Ribble Valley [redacted] considered [redacted] form [redacted] very eve [redacted] election.

Yesterday's cut was made in the knowledge that it [redacted] trigger [redacted] rate reductions; with hopes that [redacted] attract [redacted] in the weekend press and add to any general [redacted] well-being prompted by the successful prosecution of the Gulf [redacted]

But lower interest [redacted] would have been impossible, [redacted] the authorities [redacted] been able [redacted] convince themselves [redacted] financial markets would accept the [redacted] that [redacted] process [redacted] disinflation [redacted] continuing.

Interest [redacted] on [redacted] domestic [redacted] market [redacted] clearly discounting [redacted] least [redacted] half percentage point [redacted] by the end [redacted] week. It [redacted] then [redacted] shrugged [redacted] mild signals from the [redacted] of England that it wished to retain base rates at 13.5 per cent. The way the foreign exchange, [redacted] and futures markets brushed [redacted] Monday's worse-than-expected UK trade figures for January [redacted] the final green light to [redacted] Bank of England to signal [redacted] base [redacted] cut in early money [redacted] operations yesterday.

That [redacted] after further evidence of disinflation. [redacted] latest CBI industrial [redacted] survey, which was published on Monday, suggested [redacted] few companies planned [redacted] raise their [redacted] prices over [redacted] next four months. The [redacted] was bolstered by evidence [redacted] slow[redacted] in pay settlement levels.

[redacted] CBI report on Tuesday, saying that settlements in manufacturing industry were showing their biggest quarterly fall for four years, matched findings [redacted] the Bank of England's [redacted] dotted up and down [redacted] country [redacted] the inflationary pressures from [redacted] inflation [redacted] easing.

The favourable trends on [redacted] foreign exchange markets enabled [redacted] Treasury [redacted] cut [redacted] somewhat [redacted] than had [redacted] expected [redacted] the time of the last [redacted] reduction. Yesterday the authorities [redacted] pains [redacted] underline their cautious approach [redacted] cuts, although another [redacted] percent[redacted] point reduction around Budget day on March 19 must be a strong probability.

Future [redacted] will depend on the downward path of Britain's inflation rate. Inflation, as measured by the retail prices index, was [redacted] per [redacted] in January. February's RPI [redacted] due to be announced on March 22, after Budget Day, although by then both the Treasury [redacted] Bank should have a clear idea of what [redacted] is. [redacted] falls in the annual UK inflation [redacted] will [redacted] in April, when last year's poll [redacted] drops [redacted] of the index.

[redacted] the pound [redacted] linked to the D-mark through [redacted] ERM, [redacted] relationship between interest rates and inflation in Germany gives [redacted] rough guide to UK [redacted] trends.

The [redacted] between German inflation and the Bundesbank's [redacted] per [redacted] Lombard rate, which generally [redacted] as a ceiling for German money market rates, [redacted] running [redacted] between five [redacted] percentage points.

On this basis, yesterday's [redacted] in UK [redacted] might appear [redacted] it not for [redacted] of disinflation in conditions of recession.

If, as [redacted] widely expected, Britain's annual inflation [redacted] 5 [redacted] below by [redacted] of [redacted] year, it would [redacted] reasonable [redacted] expect [redacted] rates of between [redacted] 11 [redacted] that time.

Home loan rates began to fall swiftly yesterday in the wake of the cut in the banks' [redacted] rates, as the Halifax, the largest home [redacted] and savings institution with more than 1.8m borrowers, said [redacted] would cut its rate by 0.75 percentage points to 13.75 per cent or lower from April 1. The [redacted] will mean a reduction of £26.55 a month on an endowment mortgage of £50,000.

Other large home loan institutions indicated that they were moving in line with [redacted] Halifax.

Savings rates will [redacted] fall, with Nationwide, the second [redacted] institution, saying it anticipated [redacted] cut [redacted] 0.75 percentage points [redacted] its deposit [redacted]

Jaguar strengthens German foothold

JAGUAR, [redacted] UK luxury [redacted] maker, is to take over full [redacted] Jaguar Deutschland, [redacted] importer/distributor, in order to strengthen its presence in the world's second largest luxury car [redacted] writes Kevin Done.

Jaguar, a subsidiary of Ford of the US, has signed a preliminary agreement to buy the 65 per cent stake in [redacted]tion company held by the Frey group of Switzerland.

The deal is expected to be concluded by the end of [redacted]

[redacted] Deutschland [redacted] established as [redacted] Jaguar importer for Germany in 1984 when [redacted] UK [redacted] rated its European [redacted] arrangements from British Leyland, the then [redacted] car [redacted]

Jaguar held a 35 [redacted] the Frey group 65 per [redacted] Frey will remain [redacted] Jaguar [redacted]

[redacted] John [redacted] Jaguar deputy chairman, said [redacted] company's "ambitious growth plans" for Jaguar in Germany could [redacted] be realised by assuming full control [redacted] German company. The country's Jaguar [redacted] grown slowly in [redacted] from 2,156 in [redacted] 2,479 last [redacted]

[redacted] only [redacted] per [redacted] the [redacted] luxury [redacted] market in the face of [redacted] competition from the [redacted] producers [redacted] BMW, [redacted] and Audi, but the company said that it is seeking to more than double this share during the 1990s to around 10 per cent.

Jaguar is aiming to more than treble production to over 150,000 cars a year by the end of the decade, and success in the German market is vital.

Last year Germany [redacted] Jaguar's [redacted] largest [redacted] behind the US [redacted] the UK (10,664) and Japan [redacted]

[redacted] the [redacted] with Frey is completed Jaguar will control its [redacted] in four countries, [redacted] US, Canada, the UK [redacted] Germany, [redacted] it holds minority [redacted] in its importers in Japan, [redacted] Italy.

In [redacted] strengthen [redacted] European distribution Jaguar [redacted] a new joint [redacted] in Italy, Jaguar Italia, [redacted] beginning [redacted] year [redacted] which it holds a [redacted] per [redacted] stake, with stakes of 37 per cent each held by [redacted] previous importers Bepi Koelliker [redacted] Montani.

Sweden: the land of the midnight shop

John Burton reports on the ramifications of a study into deregulated retailing hours

An [illegible] [illegible] of deregulated retail hours in Sweden claims that the existence of evening and Sunday shopping has resulted in "an increased downward pressure" on consumer prices. The conclusion is likely to fuel the debate within other EC countries about the merits of unrestricted shopping hours.

Opposition to deregulated shopping hours has been based on claims that it is economically inefficient and will result in the closure of small shops that are unable to compete fully with larger outlets operating seven days a week. But the results of the government-mandated Swedish study challenges these arguments.

The chairman of the inquiry, Ake Hallman, the president of Sweden's Apoteksbolaget pharmacy network, recommends that unrestricted *shopping hours be retained,* although the system has been criticised by the country's shopworkers' trade union.

"Sweden is considered a laboratory for the examination of this issue since it has permitted unregu*lated shopping hours for the last 20* years, longer than any country in Europe," says Malcolm Hurlston, a UK retailing consultant. "The Swedish study is likely to be influential since it is not only intellectually rigorous but also based on extensive experience." *The OECD,* for example, is expected to rely on the Swedish study for a major report on the subject.

The Swedish study found that "a majority of Swedes like the current system, although most do not shop after 8 in the evening or on Sundays," says Hallman. Sixty-three per cent of consumers and 54 per *cent of all retail employees said* that shops should decide their own opening hours. The wide acceptance of unrestricted hours is probably a consequence of the number of women in the Swedish labour force – 80 per cent of women *between 16 and 64 are in work.*

A surprising finding was that Sundays account for only 6 per cent of total sales compared with 25 per cent on Fridays and 12 to 16 per cent during the rest of the week. The study noted, however, that the *share of Sunday sales in supermar*kets, department stores and hypermarkets was about 9 per cent and that other retail outlets, such as furniture stores, had many visitors who completed their purchases later in the week.

Approximately 80 per cent of all department stores and hypermarkets are now open on Sundays in Sweden compared with 22 per cent in 1972, when restrictions on opening hours were repealed, while 54 per cent of supermarkets and 48 per cent of furniture stores also now operate on Sundays.

Hypermarkets and larger super*markets have increased their share* of the market for food products and convenience goods as a result of unrestricted shop hours, but small convenience stores have also grown rapidly. Department stores and smaller supermarkets have seen *their share for these goods shrink.*

The most controversial conclusion, based on a competition model using econometric methods, was that unrestricted hours have led to downward pressure on prices. Increased opening hours mean both higher labour productivity and better use of capital since personnel and store space are used more efficiently. This results in increased competition among outlets which gradually reduce their prices. The analysis contends that, because of increased labour productivity, there is not a significant increase in average hourly labour costs.

But the Swedish shopworkers' union, which participated in the study, disagrees with that finding. It claims that a majority of shopowners it surveyed believed that longer store hours lead to higher prices.

Kenth Pettersson, the union's vice chairman, argues that unrestricted shop hours "benefit supermarkets and department stores since they can better use their larger store space at the expense of smaller shops".

The union representing store managers argued that the study had ignored the possibility that profitability would increase while prices *would remain unchanged if* opening hours were regulated.

The shopworkers' union, which has campaigned to reinstate a closing time of 8 pm on weekdays and Sunday closures, has claimed that longer hours expose employees to a greater risk of robbery during evenings and weekends.

While the study conceded that the number of robberies had increased on Sundays, there were also more during the week and there were more in rural areas where lengthy shop hours are less common than in the main cities.

"Stores are at greatest risk of robbery between six and seven on weekday *evenings when stores* would remain open even under the regulated system," says Hallman.

Retailers wishing to open on Sundays in the UK may glean comfort from Sweden's experience

Back to the basics of beauty

Karen Zagor *explains how the US Avon Products has put a gloss back on its results*

Thanks partly to the [illegible] of Sallie Cook, a 52-year old with salt-and-pepper hair and a soft Virginia accent, Avon Products has [illegible] [illegible] sales in 1990 of $3.45bn, against $3.3bn in 1989, at a time when the recession has left most US retailers complaining of slower sales and falling profits.

Cook, who has sold cosmetics, soaps and toys door-to-door for nine years, is not an ordinary Avon Lady who typically works about 15 hours a week a year ringing up sales of about $15,000. Cook is part of Avon's elite, a group of women who have turned door-to-door selling into full-time careers, raking in [illegible] between $100,000 and $200,000 apiece, and contributing about $3m to the company's revenues.

Avon's recovery, *after a lacklustre* performance through most of the 1980s, has been attributed to James Preston, 57, who joined the company as a trainee in 1964 and became its chief executive in 1988. Preston has steered Avon back to its core business of direct selling after an ill-advised courtship with diversification in the mid-1980s.

"We were a victim of our own success in the early 1980s," says Preston, "when people felt diversification was essential and that direct selling wouldn't grow because of the increasing number of women in the workforce, especially in the mature US market."

Preston presided over the sale of the company's non-beauty [illegible] [illegible] as [illegible] and its upmarket jewellery interests and helped slash Avon's debt from $1.13bn in 1988 to $542m at the end of last year.

During his tenure, Avon has [illegible] a series of *[illegible] advances and last year nar*rowly avoided a proxy battle against Chartwell, an investor group which now holds nearly 20 per cent of Avon's common shares. "BC, before Chartwell, I talked about cost-cutting and our desire to give more value to stockholders," says Preston. "Of course, there was a greater sense of [illegible] [illegible] of Chartwell."

A proxy fight with Chartwell is expected at the shareholder annual meeting in May, but in the meantime Preston is keeping his attention fixed on maintaining the strength of Avon's direct-selling business during the US recession.

"We're managing very carefully in the US. We had a very good gift line which helped in the fourth quarter, and we are very careful about pricing – about 70 per cent of our products are under $10," Preston says.

Increasingly, Avon is relying on modern technology to assist the efficiency of its sales-force. Improved distribution systems helped Avon extend its pre-Christmas selling season by one week, which contributed to the company's strong fourth quarter performance.

"I think we tend to be reces*sion-resistant because our* products are not discretionary items," says Preston. "People buy less frequently in a recession but we can compensate by attracting a larger sales-force because women tend to need to supplement their income now."

The recession, however, is making it more difficult for Avon ladies to sell their wares in the US.

"I have to work twice as hard now to get the same amount of sales," says Sallie Cook. "People who used to spend $30 to $40 now spend $10. But this too shall pass."

Apart from price advantage Avon's growth is also due to its international business, which accounts for more than 50 per cent of its sales and which is growing much more rapidly than the company's domestic operations.

"One of the beauties we have as a company is our worldwide portfolio which allows us to spread the risk," says Preston. "Germany is doing very well, and China, where we've been since November, has been phenomenally successful.

"There was concern about how women in China would respond to Avon but it took about 30 seconds to explain commission. We're already on a three-shift manufacturing plan. We had projected $1.5m in sales in China for 1991 but we've just raised that to $4m. Our biggest problem is getting the money out of the country," says Preston.

Avon helps its representatives cultivate customers by its policy of allowing any product to be returned "for any reason whatsoever". Most stores will not take back used cosmetics.

"Goodwill is very important," says Cook. "A lot of girls won't [illegible] returns. I'll take back lipsticks and let customers try others until they find out what suits them. You can't just be a delivery service. You have to talk to customers and help. People can call me with questions at any time. They can leave cheques under the door."

Cook takes pride in what she has accomplished through her job. "I put my son through college with Avon money. It's satisfying – men have that feeling. When you scrub your floor someone just walks across it."

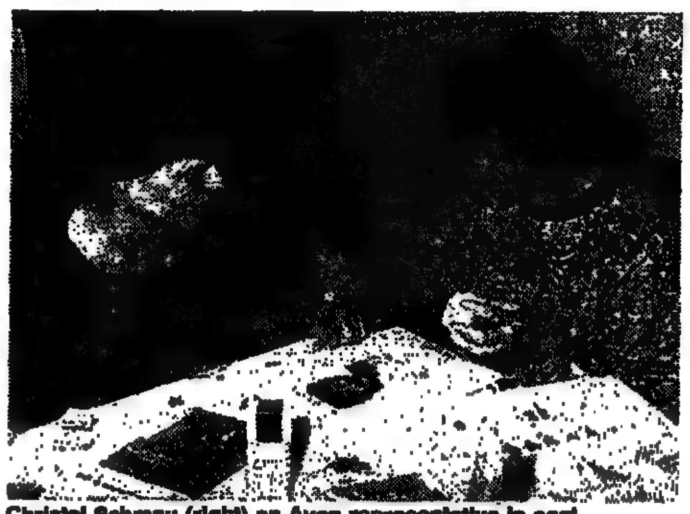
But Cook is part of a dwindling, though not dying, breed of Avon ladies. For most of its 105 years, the company has relied on housewives to sell its goods. Today, it is still the ladies who sell Avon products – Preston estimates that 99.7 per cent of the company's 1.5m sales representatives are women – but the traditional "ding dong" doorbell approach is no longer the Avon signature.

More than one-third of sales are done at offices, with representatives selling to their colleagues. About 60 per cent of Avon representatives have full-time jobs.

In recent years, Cook has found Avon more willing to heed the needs of its sales-force. "We know what's going on. A few years ago they weren't listening to us and [illegible] best source of information." During those years, revenues from Avon's beauty business fell.

Preston, who was president of Avon's direct selling operations [illegible] seven years, understands the importance of listening to the representatives.

"I try to get out of New York at least twice a year and spend a day selling with the representatives and with district managers. You can't stay in touch from the 35th floor, especially in New York," he says.


Christel Schmau (right) an Avon representative in east Germany – over half of sales are now outside the US

The answer lies in the local marketplace

Targeting British consumers at a local level is set to become increasingly important for companies in the 1990s.

Identifying the markets with most potential will depend on understanding the regional demographic differences which are already shaping the future. Hastings, for example, has only 12.5 per cent of its local population in the 15 to 24 age group; Leeds has 18 per cent.

Such an analysis, believes the Henley Centre for economic and social research, is crucial to business planning. "There are clear implications of such demographic information for leisure demand and its provision," says Henley in the latest edition of its *Leisure Futures* report.

Henley has broken down Great Britain into [illegible] of what it describes as "travel-to-work" areas – localities broadly defined as major towns or cities and their catchment area. The categorisation of such locations is by no means new; Marks and Spencer and other leading retail groups, for example, have built their chains around these places, thus effectively creating a natural limit to their UK growth.

Henley's analysis, however, considers the growth potential of each area. "We have opted for a spread of 30 towns and cities – some large, some small – which we view as having above average potential for dynamic economic activity in the next few years."

The core of dynamic growth in the medium term will be in the band of local areas stretching westwards from Ipswich to Worcester along the northern boundary of London and the Home Counties.

But, Henley adds, identifying such localised growth "winners" should not stop marketers in all locations from considering their local markets. "It is by looking at the local differences in existing or planned leisure provision that the unfilled opportunities are then highlighted."

The 30 areas designated as having above-average growth potential, for example, have fewer local authority leisure centres per head of the population than in parts of Wales and Scotland.

Henley also suggests that leisure companies should be on the look-out for less tangible examples of localised opportunities to attract, for example, short-break holidaymakers.

Leisure Futures, Henley Centre, 2 Tudor Street, London EC4, £375 per annum.

David Churchill

هكذا من الأصل

ARTS

CINEMA

Variations on togetherness

AVALON
Barry Levinson

C'EST LA VIE
Diane Kurys

GREEN CARD
Peter Weir

BUDDY'S SONG
Claude Whatham

Barry Levinson's *Ava[illegible]* [illegible] an epic [illegible] comedy. Thinly fictionalising [illegible] own Baltimore childhood, the director [illegible] *Rain Man* and writer-di[illegible] [illegible] *Men* has [illegible] a sly, golden, enchanting movie that [illegible] bles Fellini's *Amarcord* caught [illegible] head-on collision with Woody Allen's [illegible] *Days*.

Main difference from [illegible] Levinson [illegible] fantasy not [illegible] staple style but for [illegible] of *visual heightening*; as when fireworks and fairy lights adorn the film's opening [illegible] back of the hero's grandfather arriving in America *from Eastern* Europe. Main difference from Allen: this is "television days" not radio days, as TV culture [illegible] like a virus into the hydra-headed [illegible] family, destroying multi-generational togetherness and creating the satellite solipsism of today's [illegible].

Avalon was bruised by American [illegible] and largely shunned by the [illegible] public. But in the [illegible] anniversary year of *Citizen Kane*, here is a film with some of that [illegible] piece's rippling musculature of style and impudent wit. What [illegible] America have [illegible] Was it the film's full-frontal [illegible] humour and pathos? There is plenty of both, as Levinson celebrates a family whose regally addled grandparents (Armin [illegible] Stahl, Joan Plowright) hand [illegible] proverbs to their [illegible] and son's son and then sit [illegible] to [illegible] the chaos.

The son (Aidan Quinn) is a goodhearted salesman whose grandest project goes up literally in smoke. The son's son [illegible] [illegible] as Levinson's boyhood alter ego) is a wide-eyed [illegible] pixie who attracts disaster like a human Bermuda Triangle. In a miracle of artistic coordination Levinson juggles with these fore-ground comic mishaps — attack by a swarm of bees, a streetcar crash, a burning [illegible] tory — while discreetly pushing the plot's larger themes along [illegible] their appointed tracks.

This [illegible] a film about [illegible] illusory changelessness of memory, battered and outflanked by [illegible] all-too-real changes of life. Grandpa may reminisce [illegible] "good old days", but the present keeps surging [illegible] the gilded vistas like a car jumping lights at a crossroads. (Vehicles cutting [illegible] the screen are a favourite image: a visual shock tactic deployed whenever [illegible] being [illegible] lulled [illegible] nostalgia.)

The beauty of *Avalon*, and the quality that may have deterred Americans who like their narratives simple and seamless, is its corner-cutting boldness. [illegible] lasts long enough to have its significance semaphored. The [illegible] by like life itself, and as in life [illegible] we ponder their meaning ourselves. A Thanksgiving turkey dinner turns [illegible] a screaming match [illegible] a [illegible] street. A boy serving out punishment [illegible] a school corridor [illegible] a [illegible] *soft-shoe shuffle*. A [illegible] ball disturbs a [illegible] of bees. A midsummer park fills [illegible] at night [illegible] sleeping families escaping the indoor heat.

[illegible] in a film like this are indeed worth a [illegible] words. Verbally, Levinson's screenplay is a string of shaggy dog stories and funny-banal [illegible] quarrels. Visually, it is as enchanted as its title, that mediaeval-mythic moniker [illegible] only plot pretext is that "Avalon" is the name of the [illegible] tenement-house the family first inhabits. Suggesting a shadow-land between time temporal [illegible] spiritual, that title perfectly [illegible] Levinson's film. As Grandpa's advice rings [illegible] the [illegible] – "If you [illegible] remembering, you forget" – only the mortal present can rudely interrupt the entranced *sleepwalkings of memory*.

In France's *C'est La Vie* the autobiographical impulse rides again as writer-director Diane Kurys [illegible] us to the seaside. What [illegible] is the French [illegible] about tales of romping on Atlantic [illegible] The [illegible] is dismal, the [illegible] grey, and when two or more families are gathered together in the name of summer holidays, rows are [illegible] to happen. Witness [illegible] tale of 13-year-old Frederique [illegible] [illegible] and her adventures [illegible] La-Baule-les-Pins amid strident siblings, pubescent cousins [illegible] bickering, brink-of-divorce parents (Nathalie Baye [illegible] [illegible] Berry).

Shades of Fellini and Allen: Elijah Wood and Armin Mueller-Stahl in 'Avalon'

Kurys has [illegible] bits of her life into previous feature films: *Coup De Foudre*, *A Man In Love*. Here the initial effect is cutesy [illegible] on queasy. Too much piano music surging [illegible] the soundtrack; too many lovable [illegible] and liquid-eyed labradors. But the film sharpens as it proceeds. By the time Mum and Dad are hurling themselves around the lurid-[illegible] and the gardener is moaning over his dog-vandalised strawberry patch [illegible] the children have burned down the [illegible] beach-club, we realise we are [illegible] seeing family life as it is lived. Painting a picture of her own childhood, Mile Kurys bravely puts [illegible] the pastel colours and picks up the rowdy [illegible] and sardonic blacks.

*

[illegible] rare French movie person [illegible] not content [illegible] sitting on [illegible] gazing at see-mirrored memories, get up [illegible] across the *Ocean*. Gerard Depardieu, French cinema's [illegible] of Rhodes, takes roughly [illegible] strides to reach New York where he [illegible] opposite Andie McDowell in [illegible] comedy *Green Card*. Miss McDowell needs a husband in order to buy a penthouse flat [illegible] beloved plants. M. Depardieu needs an American wife in order to obtain an immigration permit, or "green card", and [illegible] the living and odd-jobbing in the US.

Australian writer-director Peter Weir specialises in [illegible] mented heroes (*Witness*, *The Mosquito Coast*) and he gets [illegible] of macho bewilderment from Depardieu as he coaxed [illegible] Harrison Ford Peering through [illegible] Victoria Falls hairstyle, Depardieu flexes Cro-Magnon features [illegible] a truck-driver [illegible] just had [illegible] lessons. In his first American film he is sweet and bearish and very funny, an accident of nature confronted with a [illegible] of nurture. The only does Miss McD [illegible] to marry him (and yes of course they fall in love), she [illegible] to reform him. Her [illegible] soul, *heavily into* [illegible] and plant-life, will reshape the uncouth Gaul.

Unfortunately McDowell, who [illegible] a helium-headed [illegible] in *Sex, Lies And Video[illegible]*, seems to have lost it here. [illegible] and underpowered, she [illegible] as if she is thinking of another movie. Indeed *Green Card* itself, despite the odd comic inspiration (like the snapping of fake ski-ing photos on a Manhattan rooftop, done to persuade the immigration heavies that the romance is [illegible] fide), seems boxed in by formula. Made for Disney, it has a safe, twee, repetitive rhythm: a theme-and-variations on [illegible] incompatibility, in which the theme is too amplified and the variations [illegible] predictable.

"Don't put dreams in 'is 'ead" cries Buddy's [illegible] (Sharon Duce) to Buddy's [illegible] (Roger Daltrey) in *Buddy's Song*; "e's got to do 'is 'ome-work." Ah [illegible] life of British movie characters. Marooned amid the Woolworths-Indonesian [illegible] paintings and [illegible] carpeting, the parents of [illegible] Buddy (Chesney Hawkes) differ about whether he should become a rock singer. Mr Daltrey, an ageing Teddy Boy and ex-con, thinks he should. Mrs Duce, a walking [illegible] and computer worker, [illegible] he should not.

The critic, after 110 minutes of this plus rock [illegible], thinks everyone involved in the film should report immediately for vocational guidance. There they might pick up a hint about how to move British cinema into the [illegible]. Director [illegible] Whatham, [illegible] evidently wearing sideburns and drainpipe trousers twenty years after [illegible] *Day*, struggles to find a cogent style for Nigel Hinton's script [illegible] off from a novel and TV series. But this is one of [illegible] projects that [illegible] imbecile noises [illegible] stylistic station you tune it to. Its liveliest [illegible] – [illegible] is [illegible] – is a [illegible] cockney wired for sub-*Minder* verbals. And its binary [illegible] of a Britain [illegible] Mozart-loving [illegible] and rock-loving oiks makes you realise how [illegible] is the present PM's search for a [illegible] society.

Nigel Andrews

Silly Cow

THEATRE ROYAL, HAYMARKET

Doris Wallace is the heroine of Ben Elton's [illegible] comedy *[illegible] Cow*, but the title does not apply to her; not at first, anyway. She is a journalist, a right bitch of a gutter journalist, beside whom Glenda Slag – to borrow a line from Doris – "would [illegible] a character [illegible] from Postman Pat."

The play's title is an abbreviation. The label she has slapped on one actress is, in fact, "Silly [illegible] talentless [illegible] cow." And thereby hangs a plot. The actress takes her to court for libel.

Saying she can't [illegible] enough [illegible] Doris; [illegible] wrote, "What with the disappearance of the rainforest, [illegible] ecologically unsound of the [illegible] such a wooden actress."

Bitchy, brassy Doris – played by Dawn [illegible] – is, in fact, a startling [illegible] character for a play. As Act [illegible] unfolds and we come [illegible] her better, we find that she's also a deceitful, disloyal, coke-sniffing, [illegible] lesbian. "I'm the hardest," she tells her secretary; "Bog-[illegible] scared imagining me under their bed."

What does [illegible] have going for it? [illegible] she-devil [illegible]. Doris's blast-and-slash humour is so persistently part of her that it [illegible] funnier in [illegible] than [illegible] revealed in quotation. I will leave you to imagine what she means by a "Eurostiffie."

Her bitchiness is her career, and her career is on the up. Indeed, she has – as she is proud to proclaim – [illegible] with Rusty on TV-am, appeared [illegible] on *Blankety-Blank*, and, tonight, [illegible] *Wogan*.

Silly Cow is, in short, [illegible] perfect occasion for [illegible] satire on the [illegible] world. Like [illegible] play, *Gasping*, it's [illegible] slick. And what's clever about that is that fast-[illegible] slickness [illegible] satirises.

It also has an ingenious plot – [illegible] so smart that [illegible] unduly dull or [illegible] to character [illegible] clues in the great series of reversals in Act Two.

"Don't give away the end," critics [illegible] asked, as if this [illegible] *The Mousetrap*. Actually, it would be better to say, as was long [illegible] said of *Sleuth*, "The friend [illegible] you what happens [illegible] the [illegible] forty [illegible] no friend." And both Agatha Christie and *Deathtrap* come to mind. [illegible] plot keeps surprising you, however, it also stays funny. The [illegible] other characters, who all turn out to be important, are well played by Victoria Carling, Alan Haywood [illegible] (especially) Patrick Barlow and Kevin Allen.

Dawn French

Silly Cow isn't as hilarious as *Gasping*, though it is [illegible] neat and intricate. French's Doris is an amazing creation, [illegible] – with that Alpine cleavage – amazing to behold. But she isn't the [illegible] of physical comedy or timing [illegible] Philip and Sir Chiffley Lockheart were in *Gasping*. Her [illegible] expressions are limited, her physique seldom fully relaxed, her rhythm [illegible] sionally slack. Elton himself, directing for the first time, must take some blame for this. The writing of *Silly Cow* is [illegible] deft than its stage-craft.

Alastair Macaulay

More Prokofiev

ROYAL FESTIVAL HALL

The Royal Philharmonic's "Prokofiev Centenary" series [illegible] on Tuesday with a concert [illegible] the [illegible] of the [illegible] familiar Prokofiev piece – [illegible] the Second Piano Concerto; the series [illegible] rediscoveries altogether – but [illegible] thing else quite unfamiliar, [illegible] but hardly [illegible] with Prokofiev. That was Sergey Slonimsky's Concerto Buffo for chamber orchestra. And yes, he is related to the *emigré* Nicolas Slonimsky, who is his uncle.

[illegible] could understand that the Concerto Buffo [illegible] [illegible] ruffled consternation amongst its St. Petersburg audience in 1966. Though the [illegible] is dodecaphonic, (as we [illegible] is say), Slonimsky plays with it jollily. A "mock fugue" [illegible] underway, but soon there are theatrical *interruptions*, [illegible] breaks, bits of [illegible] percussion. For all the conductor Yuri Temirkanov's [illegible] advocacy, it struck a jaundiced [illegible] as a collage of well-tried Western [illegible] with no [illegible] of its own, [illegible] *d'être* but snook-cocking. Honesty compels me to report that my unjaundiced 12-year-old found it much more interesting than this Prokofiev concerto [illegible] followed.

There were [illegible] problems with the Second Concerto. [illegible] [illegible] Temirkanov [illegible] hard to render it *seriously* "expressive", at [illegible] cost to its raw, brutal impetus (later [illegible] in Rimsky-Korsakov's *Scheherazade*). The [illegible] was that the soloist Mikhail Rudy [illegible] too much musical imagination, with a [illegible] result. Bar by bar, he [illegible] all [illegible] of [illegible] effect [illegible] it's a truculent [illegible] premise of the piece that *everything*, even the *pastiche-Romantic*, should seem mechanical, relentless, overbearing: fodder for steely fingers.

[illegible] Prokofiev's [illegible] [illegible] at the time, and humanising the [illegible] invariably [illegible] its musical muscle. Too little of the "expressive" potential actually [illegible] the music. Delivered from an impersonally efficient height it had its own [illegible] grandeur; sensitively explored, it [illegible] tend to run [illegible] of steam.

[illegible] survived pretty well, above all through seriously brilliant flute-playing. There [illegible] nevertheless [illegible] much [illegible] effort [illegible] "feeling" in its [illegible] lessly [illegible] paragraphs: [illegible] might bring [illegible] off, but the RPO never sounded quite convinced. An [illegible] up-tempo performance, in bright primary colours, would demonstrate *Scheherazade's* best strengths better.

David Murray

'Elektra' in Los Angeles

The [illegible] Pountney production of [illegible] for the Los Angeles Music Center Opera signals a number of important firsts – the first time Pountney has worked in Los Angeles, the first time *he have tackled this tremendous* opera, the first time he has worked with John Bury as designer and Lawrence Foster as conductor.

The meeting of minds has turned out signally well: judged at the opening performance in the Dorothy Chandler Pavilion, this *Elektra* staging proves to be an extremely powerful and compelling one, potently imagined, animated by a great deal of full-blown theatricality, yet essentially straight in its handling of the [illegible].

The staging offers no gruelling physical assault-courses for the singers, no vertiginously suspended perches, no water or whirring machines; and, while it [illegible] some highly vivid and arresting *symbols-made-flesh*, the [illegible] with which [illegible] is brought to life in such a *mise-en-scène* marks a stylistic departure in the work of this most fertile and continually surprising of [illegible] opera producers.

It is a staging by no means without fascinating quirks, almost all of which contrive to shed new light on [illegible] [illegible] and [illegible] equally. The Bury set, a vast, crumbling, clay-red dwelling scored with irregular apertures, is bordered by a huge broken wall, at stage left. Three huge fragments of a giant statue – obviously that of the murdered Agamemnon – are strewn across the stage; one of them, a large upturned stone hand, sits at its centrepoint, and Agamemnon's three children, all startlingly red-wigged (like their mother), come to rest in its palm in those moments when family grief overwhelms them.

Altogether, the air of this Mycenae reeks of decay, time-suspension (costumes are at once antique and modern), family tragedy turned to state [illegible] and violence. (The Overseer is an short-cropped, [illegible] sadist in mannish khaki shorts.) Pountney and Bury justify [illegible] all of their inventions and embellishments by the emotional intensity [illegible] all the family [illegible] are [illegible] never [illegible] so painfully [illegible] or, in the scene between Clytemnestra and Electra, so full of fertile, [illegible] ambiguities.

As played by Helga Dernesch (in superlative form) that [illegible] is not a raddled old bag, but an attractive middle-aged woman worn out by guilt; likewise Chrysothemis (the rising American dramatic soprano Balyun Voss) is no whining milksop but a woman with an eminently *[illegible] world-view* passionately argued.

Perhaps the triumph of the production is to fill in the detail of the heroine's complex psychological makeup while not rendering her a harpy, maenad, or simple [illegible] in the [illegible] Marilyn Zschau, a singer of whom London has heard far too little, is a small, [illegible] with [illegible] quicksilver [illegible] and whose voice is small, dark-toned, yet supple; there are [illegible] of unsteadiness, outweighed by [illegible] of great beauty. This is her first encounter with the most taxing of all dramatic-soprano roles; once she has learned to projects [illegible] words even more vigorously, she will be fit to join the ranks of its most impressive interpreters.

Orestes, the young American baritone Rodney Gilfry, is on the light side but delivered with such steady, true phrasing that one hardly noticed. Aegisthus (Gary [illegible] five maids, [illegible] other smaller parts are all well taken: the care over casting suggests that the company's values are the right ones. Foster, conducting the much-enlarged Los Angeles Chamber Orchestra, keeps the instrumental parts forward-moving, singer-friendly but not lacking in those moments of frisson that can make this opera such an overwhelming experience. This *Elektra* would do any company credit. It is shared with Houston Grand Opera and [illegible] Bastille: why not the Coliseum as well?

Max Loppert

Mike Gibbs Band

JAZZ CAFE

A big band in a small venue on a Monday night can be hard to [illegible] with – [illegible] only [illegible] there [illegible] to [illegible] as [illegible] people on the [illegible] in the audience. Mike [illegible] [illegible] pieces [illegible] up a great deal of sound and excitement, [illegible] horn by [illegible] But it is rather like asking [illegible] to do a feature on Super 8. [illegible] it happily enough, but he and [illegible] [illegible] sounded hemmed in by the [illegible] geography of the place.

The white Zimbabwean was [illegible] the first of the [illegible] [illegible] jazz composers in the [illegible] [illegible] days Gibbs' [illegible] is chunky jazz funk with lots of bass drum and electric bass guitar. He has done a lot of work in recent years in film – with Bill Forsyth and [illegible] Russell – and it shows in the grand thematic arrangements [illegible] with.

In a repertoire which mixes [illegible] from the new LP, *Big [illegible]* (an appropriate title) and from a forthcoming collaboration with guitarist John Scofield, Gibbs [illegible] his work cut out getting [illegible] his musicians to direct them. "Almost every day" [illegible] "Pride aside" in open, sped along, [illegible] guitar wailing. (the line-up uses two guitarists). [illegible] up was a wheezy, but buoyant Mexican wedding sound which incorporated an interesting conversation between Ben Wittman's rim-[illegible] and talking drum, [illegible] tuated by brass. "Fat Lip", an extremely funky [illegible] composition, [illegible] a blasting trumpet solo from Steve Waterman which replaced Kenny [illegible] [illegible] strains on the ballad before.

"Country Bird", an old one from Gibbs' book, provided some lonesome country blues and an alto-sax [illegible] from Chris Hunter, [illegible] unhappy to have been brought over from New York for the shows. Perhaps he is claustrophobic and was [illegible] by having to play right [illegible] Gibbs' face.

Hunter was not the only one ill at [illegible] I think most of [illegible] present would [illegible] happier with [illegible] big music in a larger [illegible] – like the Adrian Boult Hall in Birming[illegible] [illegible] *on* [illegible] tour next October.

Garry Booth

INTERNATIONAL ARTS GUIDE
TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw [illegible] Riccardo Chailly conducts Royal Concertgebouw [illegible] in music by Loevendie, [illegible] and Prokofiev, [illegible] tomorrow. *Sat: Edo* [illegible] *Waart* [illegible] concert performance [illegible] [illegible] Walküre, [illegible] Jeannine Altmeyer [illegible] Brünnhilde. Sun: piano [illegible] by [illegible] *Brendel* (718345)

■ BERLIN

MUSIC

Staatsoper unter den Linden 19.30 Tosca. Sat: Tristan und Isolde (2004 762)

Komische Oper [illegible] Donath [illegible] concert of music by Mozart, including opera arias sung by Helen Donath [illegible] Jochen Kowalski. Tomorrow: The Bartered Bride (2292 555)

Deutsche Oper 19.30 Samson et Dalila, with Marjana Lipovsek and Vladimir Atlantov. Sun: Tristan und Isolde (3410 249)

Philharmonie Kammermusiksaal [illegible] Michael Tilson-Thomas [illegible] Chamber Orchestra of Europe in Haydn and Ives, with Catherine Malfitano soloist in Weill's Seven Deadly Sins (2614 383)

THEATRE

Deutsches Theater [illegible] Maria [illegible] (2871 [illegible]

Schaubuhne [illegible] Stein's production of The Cherry Orchard (890023)

Schiller Theater 19.30 Schiller's [illegible] Rauber (3195 236)

Volksbuhne 20.00 Moliere's *Le* [illegible] imaginaire [illegible]

■ BRUSSELS

Monnale [illegible] Last performance [illegible] Adolf Dresen's production of Jenufa with [illegible] by Linda Plech and Anja Silja (219 6341)

■ CHICAGO

Orchestra Hall 20.00 Christoph *von Dohnanyi* conducts Chicago Symphony Orchestra in Webern's Symphony Op 21, Schoenberg's [illegible] for [illegible] Beethoven's Seventh Symphony. [illegible] tomorrow and [illegible] Sun [illegible] 15.00 piano recital by Shura Cherkassky (435 6666)

■ FRANKFURT

Alte Oper Grosser Saal [illegible] Arpad Joo conducts all-Mozart *programme* [illegible] Kammerphilharmonie [illegible] Schleswig-Holstein Festival and Justus Frantz piano (1340 400)

Alte Oper [illegible] Alban Berg Quartet plays string quartets by Bartok and Mozart (1340 [illegible]

Jahrhunderthalle Hoechst 20.00 Esa-Pekka Salonen [illegible] Swedish Radio Symphony *Orchestra in Prokofiev's Romeo* and Juliet suite, with Cho Liang Lin soloist in Brahms' Violin Concerto [illegible]

■ GOTHENBURG

[illegible] Gothenburg Symphony [illegible] in [illegible] by Aulis Sallinen, [illegible] Gallois [illegible] in Mozart's Flute Concerto (167000)

■ HAMBURG

[illegible] Karita [illegible] sings Tatiana in Eugene Onegin [illegible] by Gerd Albrecht. Tomorrow: [illegible] with [illegible] Ikala-Purdy in [illegible] and [illegible] *as Charlotte.* [illegible] Donald [illegible] Lady [illegible]

[illegible] **Schauspielhaus** [illegible] [illegible] Torquato [illegible] by [illegible] Neuenfels (248713)

■ LEIPZIG

[illegible] Schlunz's new [illegible] (7168 [illegible]

[illegible] Rolf [illegible] conducts Gewandhaus [illegible] in [illegible] Sinfonietta, [illegible] music by Haydn, Sibelius and Webern. [illegible] tomorrow (7132 [illegible]

■ LONDON

MUSIC

[illegible] Everding production of [illegible] conducted by [illegible] Barlow, [illegible] Joan Rogers [illegible] Pamina, [illegible] Baer [illegible] Papageno and Luciana Serra as [illegible] of the Night. Tomorrow: [illegible] Dalila with [illegible] [illegible] Baltsa [illegible] 1066)

Coliseum [illegible] Turn [illegible] Screw. Tomorrow: [illegible] Lear [illegible] by [illegible] Daniel, with Monte [illegible] in [illegible] role [illegible] 3161)

Royal [illegible] **Hall** [illegible] Jarvi conducts [illegible] in [illegible] Ivan the Terrible, with Mikhail Pletnev [illegible] in [illegible] First [illegible] (928 8800)

[illegible] **Elizabeth Hall** 19.45 Michael *Roll plays piano* [illegible] *by Mozart,* [illegible] and [illegible] (928 8800)

THEATRE

This [illegible] include [illegible] Berkoff's adaptation [illegible] The Trial with a cast led by Anthony Sher (National), [illegible] new production of [illegible] Night (Playhouse), Absurd [illegible] *Singular*, [illegible] by Alan Ayckbourn (Whitehall), [illegible] the Butler Saw by Joe Orton (Wyndham's), [illegible] King and I starring [illegible] Hampshire (Sadler's Wells) and Andrew Lloyd [illegible] musical Aspects of Love (Prince of Wales). Phone Theatreline: Plays 0836 430959 *Musicals* 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MUNICH

MUSIC

[illegible] 19.00 Wolfgang Sawallisch conducts Henning von [illegible] production of [illegible] fliegende Holländer, with Julia Varady as Senta and [illegible] Hale as the [illegible] (221316)

Philharmonie 20.00 Hiroshi Wakasugi conducts Munich [illegible] in The Rite of Spring and [illegible] Cello Concerto, with soloist Michael Hell. Also tomorrow, [illegible] and [illegible] (48098 614)

Herkulessaal der Residenz [illegible] Piano recital by [illegible] Barto [illegible] 0107)

Prinzregenten[illegible] [illegible] Die Räuber [illegible]

■ NEW YORK

MUSIC

Avery [illegible] **Hall** [illegible] Franz [illegible] New York *Philharmonic* [illegible] *Franz Schmidt's* Fourth Symphony, [illegible] Elisabeth Leonskaja [illegible] Concerto in D minor [illegible] 11.00, [illegible] Tues (874 [illegible]

Carnegie Hall [illegible] Claudio [illegible] Vienna Philharmonic [illegible] in [illegible] and [illegible] Symphony, [illegible] and Sun (247 7800)

Metropolitan Opera [illegible] Le nozze [illegible] Figaro [illegible] as [illegible] as Cherubino. Tomorrow: [illegible] Katya Kabanova [illegible]

THEATRE

This [illegible] include Fiddler on [illegible] with [illegible] Topol [illegible] Tevye (Gershwin), Stephen [illegible] (Playwights Horizons) [illegible] Shogun: The Musical, which [illegible] an earthquake among a string [illegible] spectacular [illegible] (Marquis). [illegible] 0102) [illegible] inquiries [illegible]

■ PARIS

Théâtre des Champs-Elysées 20.30 [illegible] Robertson [illegible] National de [illegible] in all-American programme, including *A haunted* [illegible] by George [illegible] (4720 [illegible]

[illegible] 20.30 [illegible] Ewing recital, [illegible] by Brahms, Strauss, Debussy and Rossini [illegible] 2840)

Théâtre de la Ville [illegible] The Duchess [illegible] Malfi [illegible] by [illegible] Langhoff. (4274 2277)

[illegible] **Française** 20.30 Moliere's La [illegible] coupable [illegible] 4360)

■ ROTTERDAM

De [illegible] 20.15 *Mozart,* Haydn [illegible] symphonies [illegible] by Frans Bruggen, with [illegible] Philharmonic Orchestra (413 2490)

De [illegible] **Kleine** [illegible] 20.15 Lev [illegible] Shostakovich programme [illegible] Nieuw Sinfonietta Amsterdam (413 [illegible]

■ VIENNA

Staatsoper [illegible] Die Zauberflöte (51444 2960)

Volksoper 19.00 Die Entführung aus [illegible] (51444 3318)

[illegible] **Saal** 19.30 [illegible] Harnoncourt [illegible] Symphony Orchestra in all-Mozart programme (505 [illegible]

Musikverein Brahms-Saal 19.30 [illegible] by Peter Schreier (505 [illegible]190)

■ WASHINGTON

Kennedy [illegible] **Concert Hall** 20.30 [illegible] de Burgos conducts National Symphony Orchestra in Beethoven [illegible] Brahms (467 4600)

■ ZURICH

Opernhaus [illegible] La fille du regiment, [illegible] 0909)

Tonhalle [illegible] Hagen Quartet plays Mozart, Schumann and Verdi (201 1580)

Schauspielhaus [illegible] Der Meteor, play by Friedrich Dürrenmatt (251 1111)

European Cable and Satellite Business TV

(all [illegible] CET)

MONDAY TO FRIDAY

Eurosport

0600-0630 International Business report

[illegible]

0500-0530 Moneyline

0800-0830 Moneyline

[illegible] CNN [illegible] Watch

[illegible] Day

2000-2030 World [illegible] Tonight - a joint FT/CNN pro[illegible] with a [illegible] day's *major* [illegible]

2300-2330 [illegible] Tonight

[illegible] Moneyline

Superchannel

0700-0830 Financial Times [illegible] Report

[illegible] five minute [illegible] ing [illegible] three times [illegible] 0700 [illegible] (Wed only) Financial Times [illegible] round-up.

SATURDAY

CNN

[illegible] Moneyline

[illegible] World Business Tonight - a joint FT/CNN production.

1540-1610 Moneyweek

1900-1930 World [illegible] This [illegible]

2110-2140 Your Money

SUNDAY

Superchannel

1800-1830 FT Business Weekly

CNN

0710-0740 Moneyweek

1540-1610 Your Money

[illegible] Moneyweek

[illegible]

FINANCIAL TIMES

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Thursday February 28 1991

Germany's price for Emu

WHEN GERMANY talks on economic and monetary union, the entire European Community must listen. [redacted] yesterday's loud complaints from Mr Jacques Delors show, many [redacted] not [redacted] much of what the [redacted] man government has to [redacted] in its draft treaty on Emu. But they will, perforce, have to treat this [redacted] – not that [redacted] Commission or of any other participant – as the starting point [redacted] inter-governmental [redacted] on Emu.

In accepting [redacted] ultimate [redacted] of Emu, but insisting that stiff conditions must first be met, the German government is pursuing a two-pronged strategy. Either its conditions will [redacted] met, in which [redacted] would bear the blame for failure, [redacted] they will be, in which [redacted] Emu would [redacted] to [redacted] Germans as [redacted] possible [redacted] make it.

[redacted] not viewed [redacted] unreasonable by [redacted] partners, [redacted] strategy [redacted] likely [redacted] work. Thus [redacted] substance [redacted] proposals [redacted] politically [redacted] economically important. On balance, what [redacted] government suggests on timing, [redacted] of the transition and the final goal is, [redacted] might be expected, [redacted]. That [redacted] proposals [redacted] ambitions neither [redacted] Commission nor of some member [redacted] decisive objection. The aim should [redacted] get Emu right, not [redacted] it quickly.

Four proposals

[redacted] transition to Emu, the German government [redacted] four central proposals: first, no European Central [redacted] (the entity [redacted] Commission [redacted] on calling by [redacted] nickname "Eurofed") should be established [redacted] union, [redacted] final [redacted] Emu, which would begin [redacted] at the earliest. Second, there would [redacted] no new currency in [redacted] second stage, which [redacted] in 1994. Devaluations of [redacted] would be ruled out, instead. In this [redacted], the Ecu would [redacted] a [redacted] for the [redacted] but the [redacted] would [redacted] still more [redacted] over its [redacted] than [redacted] present.

Third, [redacted] full currency union would only follow agreement that [redacted] majority [redacted] members had [redacted] acceptable [redacted] of inflation, budget deficits and interest [redacted]. The union [redacted] limited [redacted] members. Finally, those members who did not meet [redacted] conditions, [redacted] who did not wish to participate in the union, [redacted] join later.

[redacted] suggestions imply [redacted] two-speed move [redacted] Emu. They [redacted] rule [redacted] both [redacted] rapid march to new institutions favoured by many and the UK's hard Ecu proposal. These two are ruled out for the same reason: the Bundesbank's insistence that only one institution can be responsible for a given monetary area. Objections can be made to its position. Parallel currencies [redacted] for example, theoretically [redacted] theless, [redacted] strong practical merit. [redacted] important perhaps, [redacted] are issues [redacted] which [redacted] are unlikely to compromise.

Deficit ceilings

Equally tough are German views on [redacted] the currency union [redacted] look like. The German proposals include [redacted] ings on budgetary deficits. Equally important, [redacted] bank would have [redacted] on whether any exchange [redacted] regime, which [redacted] to [redacted] proposed by the committee [redacted] ministers, [redacted] compatible with price stability.

The proposed role [redacted] central bank [redacted] exchange [redacted] policy [redacted] sensible, [redacted] than the proposals [redacted] on budget deficits. [redacted] German [redacted] budget [redacted] understandable. But [redacted] unacceptable [redacted] control the fiscal policies of member [redacted], other than by [redacted]. Fiscal independence [redacted] fundamental attribute of [redacted]. It [redacted] not and probably will [redacted] easily thrown away.

Germany [redacted] now [redacted] negotiations seriously under way. [redacted] of [redacted] partners will object to some of what it proposes. Nonetheless, they will [redacted] take [redacted] ideas seriously, for [redacted]. First most of [redacted] merit in themselves. Secondly, they come from Germany. [redacted] end, Emu will come on something [redacted] terms, or not at all. It is up [redacted] Germany's partners to decide whether they [redacted] to pay the [redacted].

The cabling of the UK

THE GOVERNMENT [redacted] made [redacted] out of not picking winners. It believes that it is the market's job to pick [redacted] companies and technologies.

However, [redacted] government [redacted] broken this rule in the [redacted] of [redacted] television. The Department [redacted] Trade and Industry and Oftel, the telecommunications industry watchdog, [redacted] proposing [redacted] mollycoddle [redacted] cable television industry, seeing it as a means of breaking British Tele[redacted] in [redacted] local telephony market.

[redacted] easy [redacted] understand the government's exasperation. There [redacted] widespread [redacted] with BT's service, but the [redacted] majority of [redacted] customers have no other [redacted]. The government's original hope was [redacted] Mercury Communications would pro[redacted] such choice, but it [redacted] the [redacted] market. The government [redacted] hoping that [redacted] companies will provide telephony [redacted] their [redacted] works.

It [redacted] proposing [redacted] tilt the playing field in the favour [redacted] the [redacted] companies as part [redacted] its current [redacted] the BT/Mercury duopoly. The cable companies will be allowed to [redacted] telephony services immediately, but BT will [redacted] from offering television services for seven to 10 years. The government has been driven [redacted] this policy because [redacted] cable companies [redacted] they will not invest in [redacted] if BT [redacted] allowed to compete with them in [redacted] television market.

Equal access

The government [redacted] having second thoughts [redacted] whether [redacted] "equal [redacted]" in the telecommunications market, which would allow [redacted] choose [redacted] rival long-distance operators, even if they kept their BT phone lines. The [redacted] companies [redacted] such equal [redacted] would undermine [redacted] which relies [redacted] offering customers cheaper long-distance [redacted] Mercury's network. If BT customers can [redacted] the same discounts, [redacted] may be little point in switching [redacted].

The snag with both [redacted] arguments [redacted] they assume that competition must [redacted] introduced. [redacted] competition should be a means [redacted] providing better and cheaper services [redacted] customers. It is [redacted] an [redacted] in itself.

The [redacted] companies [redacted] only [redacted] if they [redacted] sustainable competitive advantage over BT. If they do, they will presumably [redacted] ahead with their plans, [redacted] BT is allowed [redacted] the market or not. If they do not, there is no obvious benefit in their investing billions of pounds [redacted] duplicate BT's existing network.

Opportunity denied

By preventing BT from providing television services, the government is denying the [redacted] the opportunity to exploit [redacted] from combining TV and [redacted] phony [redacted] the same network, [redacted] fibre optic [redacted]. This may stop [redacted] from gaining [redacted] to [redacted] wider range [redacted] at [redacted] prices.

A similar argument [redacted] equal [redacted]. If the [redacted] companies were more efficient than BT, they would [redacted] to succeed without having monopoly [redacted] Mercury's cheaper long-distance [redacted]. But if not, they should not be in the business at all. The effect of granting them monopoly access would be to deny BT's local customers the benefits of cheaper trunk calls.

Nevertheless, there is a case for giving the [redacted] companies some protection because BT is engaging in predatory pricing. BT argues that this is not by choice, but because it is [redacted] by [redacted] to price line rental [redacted]. BT [redacted] not yet produced [redacted] that substantiate this claim, but predatory pricing could drive the cable companies out of the market even though BT might be less efficient.

The company should therefore be stopped from providing television services over its network until any predatory pricing has been eliminated. This cannot occur overnight, [redacted] seven-to-10-year adjustment period is too long. [redacted] would seem more appropriate.

But the government should not mollycoddle [redacted] companies [redacted] other way. [redacted] would simply be [redacted] encourage inefficient invest[redacted] deny customers [redacted] new technology.

Peter Norman assesses the economic benefits of an allied victory

The Gulf dividend

Iraq's [redacted] will give the world [redacted] boost rather [redacted].

Allied victory in the [redacted] war will eliminate a [redacted] nificant area of uncertainty that [redacted] been crimping investment [redacted] and damping consumer [redacted]. But it is unlikely to have much short-term impact on the recession[redacted] ary conditions that will afflict many industrial [redacted] this [redacted].

Saddam Hussein's invasion of Kuwait last August came when the [redacted] English-speaking economies were already slowing [redacted] as a result of tough counter-inflationary monetary policies. Iraq's action caused business confidence to plummet and oil prices to rise, adding to the force of the downturn.

In recent weeks economists have begun to forecast that the world economy would start a slow recovery later this year, not least because of falling interest rates in the US and Britain. The liberation of Kuwait will aid this.

The world economy stands to benefit in four ways from the successful end to the Gulf war.

- The most obvious and immediate benefit will come from the rebuilding of Kuwait.
- There is a justifiable hope that the end of the conflict will bring stability to the oil market at "reasonable" prices.
- Less certain but potentially very important is the boost that the allied victory might give to consumer [redacted] confidence in the industrialised world.
- The greatest prizes but the least tangible could lie in the broader geo-political sphere.

The phrase "[redacted] world [redacted]" [redacted] looking [redacted] tawdry lately as [redacted] cloud Mr Mikhail [redacted] internal problems [redacted] US-Soviet relations. But [redacted] in [redacted] Gulf war conjures up the hope that the US and the other leading allied combatants may be able to build on the leadership shown in war to improve global welfare – for example, by redoubling their efforts to bring the Uruguay Round of trade liberalisation talks to a successful close.

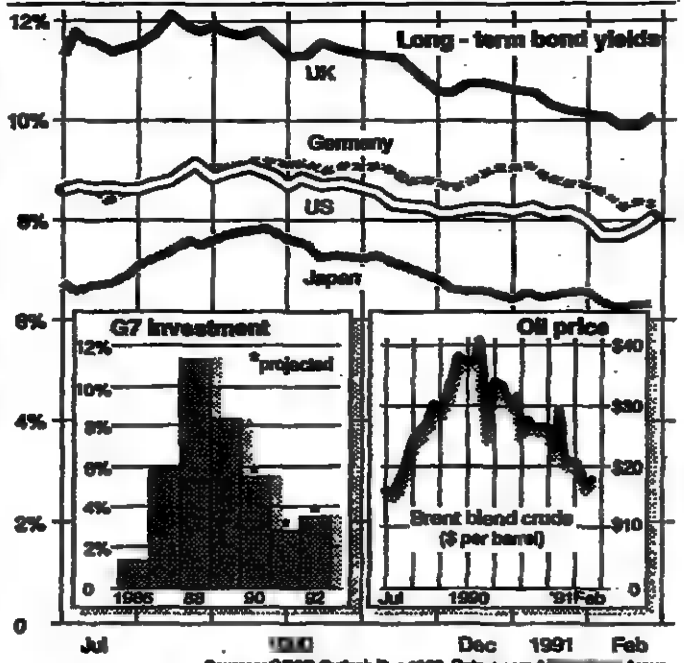
The co-operation of industrialised countries, Arab oil producers and non-oil Third World nations in the victorious coalition could possibly presage greater harmony in dealing with vexatious north-south issues such as oil pricing and production or the handling of the international debt problem.

In the short term, the reconstruction of Kuwait will provide the industrialised world with a welcome boost to activity. Estimates of the damage vary widely from $50bn to $100bn.

At $50bn, the demand generated by the reconstruction of Kuwait would be equ[redacted] to [redacted] 1 per cent of US annual gross national product and rather more than the half [redacted] value of [redacted] GNP. This, according to one official at the Organisation for Economic Co-operation and Development in Paris, would constitute a "non-trivial [redacted]" [redacted] the world economy.

The [redacted] come in [redacted] limits to Kuwait's absorptive capacity. Mr J Paul H[redacted], a [redacted] for [redacted] US investment [redacted] Smith

Pointers [redacted] modest optimism



Sources: OECD Outlook Dec 1990, [redacted]

Barney, estimates that spending could run at between $10bn and $20bn a year.

Rebuilding would primarily help US business sectors such as construction, capital goods makers and truck manufacturers [redacted] have [redacted] heavily in [redacted] recession. Britain [redacted] France, [redacted] combatants, [redacted] win orders, while [redacted] will be sub[redacted] in companies in [redacted] Korea and other Asian states which were active in the pre-war Gulf. High value-added professional [redacted] such as architects and [redacted] engineers should profit.

Kuwait's substantial stock of financial assets and the prospect of the country eventually reopening its oil wells will mean that reconstruction should not be hampered by financial constraints. The emirate will be able to borrow against collateral or future oil sales if it does not wish to liquidate its investments.

There will be some reconstruction in Saudi Arabia. Like Kuwait, the Saudi government should have little difficulty in raising the necessary funds even though it has agreed to finance a large part of the estimated $40bn to $50bn of allied war costs.

Some of the material cost of the war will translate into new orders for defence contractors as the allies replace at least some lost equipment and seek to acquire some of the conflict's [redacted] successful military hardware such as the Patriot anti-missile missile system. Although the allies will presumably [redacted] to avoid a new Middle Eastern arms race, re-equipment will give a boost to the US high-tech defence contractors, which had faced hard times because of the decline of tension between the superpowers.

Iraq, with a population nine times that of Kuwait and a territory 18 times as large, probably has greater reconstruction needs as a result of allied bombing of power plants, [redacted] communications centres, bridges, refineries and other infrastructure. Mr Saadoun Hammadi, Iraq's deputy prime minister, has been quoted as saying that the damage runs to $200bn, although that figure could be on the high side. However, Iraqi reconstruction with the help of outside involvement will have to wait for the country's rehabilitation in the world community.

The oil price implications of the peace are less easy to quantify. Allied air supremacy caused prices to collapse to a manageable $20 a barrel on the first day of the war, putting an end to fears of a "spike" towards $50 or a more sustained oil price shock.

However, economists doubt whether the end of hostilities will presage a prolonged oil price slump to pre-crisis levels of about $16 a barrel or less.

It will be some time before Kuwait and Iraq return as suppliers on world markets. Saudi Arabia, as the Organisation of Petroleum Exporting Countries' biggest oil producer and a prominent coalition member, has an interest in supporting market discipline. It is already thought to have cut production in January because of a lack of storage capacity. The US and Britain, the leading western members of the allied coalition, are both oil producers as well as consumers and aware that a sharp drop in prices could cause problems for investment in new productive capacity.

This convergence of interests raises the tantalising possibility of enhanced co-operation in the post-war world between the world's oil consuming and producing nations. Whether this will stretch to an understanding between Opec and the industrialised countries to stabilise the price and supply of oil remains to be seen. But a more equitable sharing out of oil wealth between rich Arab producers and the poorer, more populous non-oil Arab nations may figure in the international discussions on a new security system for the region.

Hopes have also been expressed in organisations such as the International Monetary Fund that the wartime spirit of co-operation among the allies could spill over into other parts of the previously fraught relationship between the countries of the rich industrial "north" and the poor developing "south". The burden-sharing exercise arranged under the auspices of the IMF to mitigate the effects of the war on front-line states such as Turkey and Egypt and Third World nations such as Bangladesh and Pakistan could perhaps lead to greater co-operation between rich and poor in solving such long-running problems such as Third World debt.

These are distant prizes. But if – and it is a very big if – the allies can win the peace as well as the war, there should be long-term benefits in terms of revived business and consumer confidence.

In the short term, the revival of business and consumer confidence is less easy to pin down. US tourists and businessmen are apparently re-discovering their appetite for foreign travel now that Iraq faces defeat. The clear US success in the war could spawn [redacted] all-important "[redacted] good" factor [redacted] US [redacted] and investors. There is, however, considerable scepticism among economists that the end of the war will in itself stimulate investment and growth.

Long-term [redacted] substantially in recent months in the US and [redacted] countries is likely to be subdued as heavily borrowed companies and families pay back their debts.

In Germany, there are the first signs of an economic slowdown while the government has just announced higher taxes to finance union.

Rebuilding in the Gulf will be a further claim on world savings which are already in short supply to finance the US budget deficit, reconstruction in eastern Europe and Third World development.

Victory in the Gulf is a positive step for the world economy. But anything more than a modest spur to global output raises the spectre of self-defeating increases in real interest rates.

It is a sobering thought that rebuilding Kuwait presents the world economy with a challenge of roughly the same magnitude as the reconstruction of east Germany. And that has not been an unmixed blessing.

Book Review

'Cadburyism' remoulded

RESHAPING WORK: THE CADBURY EXPERIENCE
By Chris Smith, John Child and Michael Rowlinson
Cambridge University Press, £45

There was euphoria among Cadbury's factory managers at Bournville, Birmingham, on the day they finally sacked a shop steward for a wages misdemeanour. "They came up to me and [redacted] my hand and said things like, 'You must [redacted] brave ... people had tried to [redacted] him before, but [redacted] got him'," recalled a woman personnel manager later. Such [redacted] the tension welling up between managers and workers as Cadbury entered what was to become a decade of cathartic change.

This is the story of a British factory in the 1980s, told by three industrial [redacted] researchers from Aston Business School. It is a familiar [redacted] in many ways: the fracturing of union negotiating structures, changes in working practices tied to investment in new machinery, the assertion of the "right to manage". This could be any manufacturing company renewing itself in the productivity "miracle" of the mid-1980s. That it is the paternalist one whose Quaker founders used to distribute cocoa to workers who went on strike elsewhere only makes it more piquant.

Yet the tale is more complex and illuminating than the myth of the decade. Cadbury did not suddenly find a new resolve because its unions were weakened by unemployment and hostile legislation. Instead, competitive pressures shifted the coalition of power within management to give the upper hand to those who distrusted the old ways. Nor did the changes amount to a break with the past. Welfare paternalism and regimented work returned. "Cadburyism" was remoulded like a misshapen chocolate bar at Bournville.

Above all, the labour-intensive working practices swept away by Operation Fundamental Change, the work restructuring programme started in 1982, were not merely held in place by recalcitrant unions. Managers supported them as an alternative to expensive capital investment. Bournville's women packers worked so fast for relatively low wages that the company rejected the idea of replacing them with machines throughout the 1960s and 1970s. It was only the ability of Mars to mass-produce a limited number of products at low cost which finally pushed Cadbury into mechanisation.

Only then did the tradition of union consultation, and the "piecework culture" in which all changes in line speed and work intensity were agreed with stewards, become an obstacle. While the "labour intensifiers" among managers held sway, the union structure was accepted. It was attacked only when the "automation romantics", who believed the ideal factory was one without workers, took charge. Their machines required employees to work in new ways, which the company believed required new negotiating methods.

"I'm a people-oriented man, but the time has come to kick this lot in the teeth," said the manufacturing director on the [redacted] the most painful changes in work practices. There had certainly been some [redacted] traditions. The book provides a richly comic account of the Bournville works council, a body dominated by union stewards which bogged changes down in endless discussion. Some managers attended just to see colleagues they disliked being ritually humiliated. When it snowed, the council's reaction was to summon the adverse weather conditions committee.

The abolition of the works council was the first seismic shock that rumbled through Bournville, after the company appointed a personnel director with a brief to take on the unions. The council had been in place since 1918, a product of the family's early conversion to involving workers in decision-making. Cadbury had even flirted with the idea of stronger forms of worker participation in the mid-1970s. In the event, the product crisis steered it towards more assertive management and heavier reliance on technology.

There was a similar ambivalence in the way the company reorganised work in the 1980s. Changes on the Easter eggs line required a breaking of demarcations and more flexibility, while in the automation of boxed chocolate assortments, production engineers used to old assembly line principles built the new one in a way that made it impractical to bring in team working.

So what Cadbury went through in the 1980s was a remoulding rather than a revolution. The leap in productivity gained through heavy capital investment did not amount to a new philosophy or set of working practices. Instead, the old order reasserted itself after an upheaval. The ambivalent, compromising, muddled spirit of Cadburyism survived.

In that sense, it is a cautionary tale. For it shows how particular and extreme were the conditions of the British productivity miracle; how much of an internal shock it required for companies. The sustained productivity rises of Japan involve a degree of work flexibility and involvement which still remain distant from the UK. [redacted]bury and others sloughed off their union bureaucracy and their failure of management will in the 1980s. [redacted] made [redacted] and branch changes in how they work [redacted] them through another [redacted] and another recession.

John Gapper

OBSERVER

NatWest spells it out

■ Did Lord Alexander, the new and untested chairman of National Westminster Bank, blunder when he warned earlier this week that the group's County NatWest securities business must make a profit within two years?

As an eminent lawyer he should know how to guage the choice of words better than most. UBS, Barclays and Hongkong and Shanghai Banking Corporation have all poured far more money into their London securities operations than NatWest, and with almost equal lack of success. But to date none have given any indication that they are not in the business for the long haul. So were his Lordship's comments misjudged or misinterpreted?

The effect on morale at County NatWest, whose market share and general analyst quality have improved considerably over the last year, is said by some to have been devastating. It would be most surprising if other commercial bankers did not hold Lord Alexander's view.

Managers in industries which have lost far less money and have far better prospects must be wondering what all the fuss is about. The risks are that County NatWest's best analysts will walk out of the door or its customers will not take it seriously any longer. Both have been overstated.

If a relatively strong player in the industry is showing that it is prepared at last to think commercially about its operations, it should be welcomed. Rather surprising though that it was [redacted] that [redacted] initiative.

Normal business

■ The revelation that the businessman husband of [redacted] Fraud Office director Barbara Mills QC is being pursued for failing to file his company's accounts was not being regarded by the SFO yesterday as a Nightmare on Elm Street.

According to the March issue of Business magazine the compliance section of the DTI's companies registry is chasing Mr John Mills for failing to provide accounts since 1987 for John Mills Ltd, which trades as Westminster Trading from the couple's Camden Town Home.

The reaction from the SFO's Elm Street headquarters was that Mrs Mills had had no connection with her husband's business activities since 1971.

But was the "revelation" an embarrassment? "We don't deal with that sort of thing; we only deal with facts," said a spokesperson.

Start again

■ The following message for PPE undergraduates in the latest Oxford University Gazette says it all. Delete "Economics of Communist Countries" and substitute "Command Economics and their Marketization", with immediate effect.

And don't forget to mention it to your big brother.

Tax dazzle

■ Sheltering from tax can be more thrilling than it sounds. Most UK Business Expansion Scheme companies tend to be bland affairs. But now the ailing British film industry has worked out an ingenious scheme to lure investors into backing films which offer "madness, obsession, and murder", and escape tax. String of Pearls PLC, a film production company, was launched yesterday with the public blessing of Susannah York and Hayley Mills.

Unfortunately, the funding limits of the BES impose a constraint on directorial ambitions, so we are not talking big budget stuff here. First out of the stable will be Noel Cronin's Vendetta, about an embezzling accountant [redacted] is unmasked by his underworld bosses. It is likely to be in the same vein as Mr Cronin's previous films Midnight Fear ("Madness. Obsession. Murder.") and Mirage ("Too terrifying to be real . . . too deadly to be anything else").

Neither made much impression on the critics, but both made a profit.

"It isn't over 'til he's over,"

Cardiff woman

■ When New York banker Norma Jarboe exchanged her Manhattan office suite for London's trouble spot, Brixton, eight years ago, she little thought Britain was to become her home.

The 44-year-old Jarboe first made her name polishing up Citibank's image in the poorer neighbourhoods of New York: Her experience on New York's Flatbush project led to her secondment to Brixton to help develop private sector housing in the aftermath of the riots. She then stayed on to head Citibank's UK corporate affairs before going freelance. Yesterday, she reappeared yet again with a £10m budget and a brief to put the Welsh capital on the international map as the first chief executive of Cardiff Marketing.

Miss Jarboe's first task will be to greet the Princess of Wales and Prince Harry at tomorrow's official launch of the marketing campaign, appropriately timed for St David's Day, the Welsh national day.

Cardiff's city fathers seemed rather dazed by it all. They were interviewing candidates as late as Monday, and, as one confessed: "We've chosen a woman and an American. That alone should put Cardiff on the map."

Some bullet

■ [redacted] Rail: engineers should be sent to Japan on [redacted] more regular basis. The financial condition of its railways is far from perfect but safety standards seem to be.

Despite the typhoons, earthquakes, snowstorms, landslides and other calamaties that frequently shake the land of the rising sun, one of its 170 mph bullet trains has just carried the system's three billionth passenger.

Moreover, this feat, which took only 26 years and five months to achieve, was accomplished without a single casualty, let alone fatality. Indeed, despite a rigorous schedule on the three lines which fan out from Tokyo to northern and western Japan, delays of any kind are so rare that they are regarded as major news [redacted].

To put this record in perspective BR's inter-city service carries some 80m passengers a year. Don't even ask about BR's record on time-keeping, and as for the Japanese rolling stock and roadbeds, they have been maintained in a condition which demoralised passengers on Network Southeast would find other worldly.

Economic Viewpoint

The collapse of UK inflation

By Samuel Brittan

The latest base rate cut, because it has not been properly prepared for in ministerial statements [illegible] cost of Budget purdah?) could look like giving in to political pressure or panic at the new domestic economic forecasts. In fact, it can be amply justified by the news on the inflation front (and also by the German tax increases). The British government's war on inflation is as nearly won as the US war on Saddam Hussein.

In last week's [illegible] (February [illegible]) reported that headline inflation [illegible] likely to fall to 5 per cent – [illegible] possibly a lot less – by the end of 1991. [illegible] large [illegible] of this fall, however, [illegible] a quirk of the retail price index. Now, at last, one can point to indications of a genuine fall in underlying inflation – indications which indeed suggest [illegible] the year-on-year producer price index for January [illegible], if not a "blip", [illegible] "aberration".

The new [illegible] needing [illegible]

The biggest obstacle to larger interest rate cuts is the overblown ministerial fear of losing face if they have to raise interest rates again

tion [illegible] the [illegible] monthly trends survey for February. This shows virtually the lowest balance – 6 per cent – of industrialists expecting [illegible] increase their prices since [illegible] question [illegible] formulated [illegible] 1977. The only [illegible] when [illegible] balance [illegible] as low [illegible] was in June [illegible], when factory [illegible] prices were reflecting [illegible] collapse of [illegible] oil price. [illegible] there is no [illegible] distortion; and the February survey mainly confirms and intensifies a trend already apparent in the last, more broadly based, quarterly survey.

Contrary to [illegible] exhortation, lower wage [illegible] usually follow, [illegible] lead, a fall [illegible] inflation. Nevertheless many worthy people will not believe that inflation has been licked while the underlying earnings index is rising by 9¾ [illegible] per annum. Mr Giles Keating of [illegible] just [illegible] a paper suggesting that pay settlements (which are not quite the same as earnings because [illegible] "drift") will come [illegible] quite quickly from [illegible] per cent in [illegible] the last few months of [illegible] about 6 per cent by the end of this year – the same as the Bundesbank expects for Germany.

His main reason, apart from the general conjuncture, is that the long-term unemployed will [illegible] smaller proportion of the total jobless in the present than in the last recession. This is [illegible] the [illegible] has started in [illegible] south-east rather than in the north. A young clerk who loses his job in the home counties is [illegible] likely to join the long-term unemployed [illegible] a middle-aged [illegible] collar worker on Tyneside. The relevance of [illegible] to pay is that the short-term unemployed compete more vigorously in the job market and thus bring more downward pressure on wage inflation.

Scarcely was the ink dry on Keating's paper than the CBI reported the biggest quarterly fall in pay deals for four [illegible] the [illegible] quarter of 1991. The actual fall, from 9 per cent to 8.3 per cent, is not sensational, and early [illegible] for a quarter that is not yet finished are [illegible] revised upwards. But on this occasion it is supported by signs that one in 10 companies are freezing or staging their annual settlements. It is [illegible] a notable [illegible] in the wild and worth grasping during [illegible] turning points when most indicators lag so badly as to be worse than [illegible].

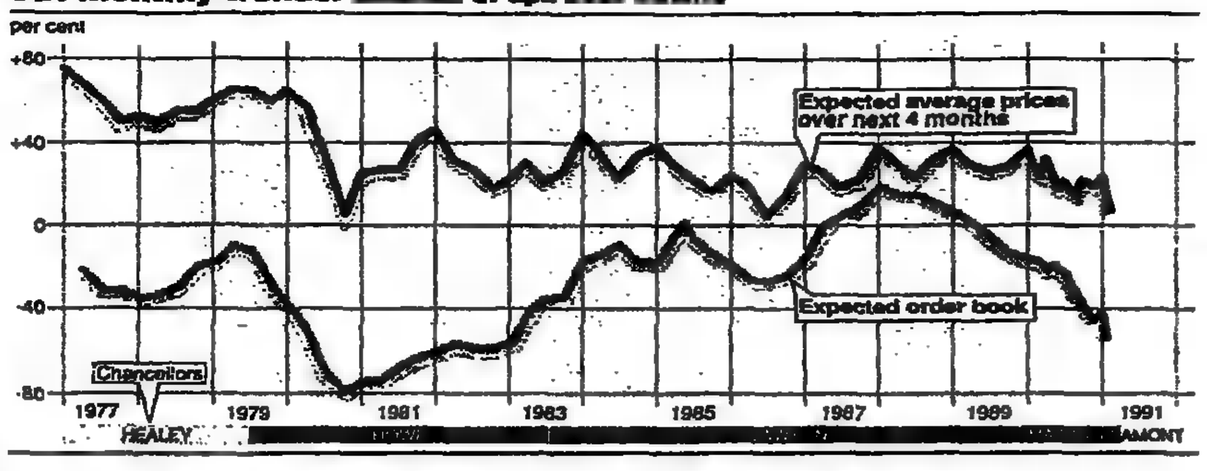
The policy response [illegible] depends on market [illegible]. One value of the exchange rate mechanism is that it puts economic management on a semi-autopilot. The lower limit to British base rates is normally provided by German short-term interest rates, now at about 9 per cent. [illegible] 13 per cent British base rates still embody an inflation and depreciation premium of 4 per cent. This could be a good deal lower if the facts about British inflation were more generally realised at home and abroad; and a little bit of trumpet-sounding would be [illegible]. At [illegible] I would expect a minimum risk premium on UK [illegible] of about 2 per cent, [illegible] John Major [illegible] fully and credibly committed to monetary union. But at times like the present, when sterling can rise within its wide band, [illegible] differential could temporarily disappear or even go into reverse. Moreover, the higher-than-expected German tax increases improve the chances [illegible] interest [illegible] have [illegible] their peak.

The biggest obstacle to larger interest rate cuts – apart from the absurdists who want to leave an international arrangement soon after they have joined it – is the overblown ministerial fear of losing face if they have to raise interest rates again soon after reducing them. Whether interest [illegible] regarded [illegible] a prize or an [illegible], the most elementary [illegible] about [illegible] is that they have to move in both directions. If politicians cannot live with these facts of life they should be in another line of business.

The [illegible] February Review wonders whether better signals about inflation [illegible] the [illegible] of unemployment required [illegible] pay settlements fall to a rate compatible with full ERM membership. The institute has developed a [illegible] which it regards as a superior signal to the RPI for [illegible] bargainers. The [illegible] two aspects. It is European-based and it takes into [illegible] inflation over the last four quarters and expected inflation in the four quarters to come. In the last couple of years the "European inflation index" has hardly [illegible] just under 4 per cent.

The [illegible] two weaknesses. First, the index is based on an average of Germany, France and Italy. In view of Germany's role as the anchor of the ERM it should be based on Germany alone. Second, it does not take [illegible] traded services, where productivity increases are less and which should add a good 1½ percentage points to the UK inflation rate over and above anything determined in [illegible] markets. The two [illegible] out; and we are left with about 4½ per cent as the going Europe-based inflation rate which pay bargainers should rationally take into account. There is now a chance that it will [illegible] within the bounds of [illegible] politics.

CBI monthly trends: [illegible] of ups [illegible]



Lombard

The unanswered ethical questions

By Simon Holberton

One of Britain's leading business schools [illegible] applicants for its master of business [illegible] degree how they resolved an ethical problem [illegible] they had encountered in their work life. How [illegible] themselves [illegible] question?

The [illegible] resignation by Professor John Kay, an economist at the London Business School (LBS), from an advisory [illegible] with British Telecom, is [illegible] example of an academic refusing to lend his name to a case – [illegible] "rebalancing" [illegible] trols on BT's pricing – in which he did not have full confidence.

Would [illegible] other business school academics had Professor Kay's sense of what is appropriate. Today in Britain the following two situations are becoming commonplace:

● As [illegible] of their permitted extramural activities, business school academics carry out consultancy for a large company, for which they are paid a fee. They then turn what they [illegible] observed and advised on into a piece of "research", possibly bringing together further observations from [illegible] companies [illegible] which they consult.

● Alternatively, their institution, in search of external funding, gets several companies to form a club. These fee-paying [illegible] then become the subject of "research".

In both cases, the question to be asked is how objective can this research be? Is there not the risk that he who pays the piper also calls the tune? In the second case, what can research [illegible] a self-selected group of companies tell us of the way companies behave generally, [illegible] from the researcher's scrutiny?

Take two recent practical examples. In the first, a distinguished LBS academic lent his own, [illegible] his institution's, [illegible] to an occasion organised by a firm of [illegible] consultants acting on behalf of a large and no less distinguished company. The audience heard a [illegible] of praise for the company – compliments perhaps deserved, but better avoided by academics with claims to scholarly objectivity.

In another recent case, a professor [illegible] at the Ashridge [illegible] published an anodyne collection of research generated from studying a club of sponsoring companies.

Although the research [illegible] ried an oblique declaration of interest, the [illegible] and management practices under scrutiny were merely described [illegible] than critically analysed, compared or appraised.

Our understanding of business gains little from such practices, and the reputations of British [illegible] as institutions capable of disinterested research run the risk of being tarnished in the [illegible].

Governors of business schools should cast a critical eye over the extramural activities of their staff. Academics should be asked to decide if they want to be a teacher/researcher or a [illegible]. Otherwise, the two roles [illegible] increasing conflict.

Since [illegible] George [illegible] took over as head of the LBS [illegible] months ago he has [illegible] with this conflict. He plans to increase staff salaries while requiring his academics to reduce their extramural consulting. Staff will also be evaluated on teaching, research and on their participation in school activities. This is all to the good.

[illegible] heads of business schools should also take a critical look at the sort of research their staff are doing and who is funding it. If the purpose of research is to increase our knowledge and understanding of the world then they should be alert to actual and potential conflicts of interest.

Government funding, such as that through the [illegible] Social Research Council, is in short supply. None the less, the [illegible] has been known to fund research on business issues; it just depends on the quality of the [illegible] project.

British business needs research it can rely upon. It could best achieve such an aim by supporting an organisation, operating the same academic standards as the ESRC, which awards funding for business research on the basis of the most deserving projects. Britain's business schools should form such an organisation; companies which currently sponsor "club" [illegible] should channel their funds towards it.

A teenager's guide to trade

Any thought of abandoning my teenager's [illegible] was put aside by the [illegible] in the January trade figures, which were quite wrongly greeted as disappointing and, ironically, as weakening the chances of a further base rate cut, writes Samuel Brittan.

Even on a [illegible] basis, the so-called [illegible] was entirely accounted for by items such as ships, North Sea installations, aircraft, precious stones and silver. These [illegible] fluctuate dramatically, [illegible] irritating the [illegible] eye-shade journalist. The chance arrival of an aircraft in the trade figures before polling day might well have cost Harold Wilson the 1970 election, in view of the narrowness of the [illegible].

Surely we should have learned better by now.

This time [illegible] is on the export side. For, as the Financial Times report pointed out, items such as Tornado jets to Saudi Arabia were disrupted by the Gulf. In addition, North Sea output fell to its lowest level since January [illegible], largely because of an 11-day shutdown for safety work at the BP Forties field.

The underlying trend is still away from deficit. As the table shows, export volumes, excluding oil and erratics, rose by more than 7 cent in 1990, while import volumes only rose by 1 per cent. In the three months to January, export volumes fell by 1 per cent while import volumes fell by 2½ per cent (non-annualised).

Of course the results reflect the [illegible] in world growth and the British recession. The NIESR forecast of a [illegible] deficit in [illegible] £10bn in [illegible] is as good a guess as any. It corresponds to less than 2 per cent of GDP compared to 4 per cent in 1989. In contrast to the NIESR, [illegible] projected "deficits" seem to me quite sustainable.

UK terms of trade have also improved by 3½ per cent compared with a year ago. The improvement is partly due to the effect on import prices of sterling's recovery in the months up to ERM membership. But depressed commodity prices have made an independent contribution.

There is little comfort for those who believe that sterling is overvalued against the ERM. UK exports bucked the trend and rose only in Europe. The fall in import [illegible] is also entirely attributable to shipments from Europe. Faster growth in Europe [illegible] the rest of the world could not alone account for such results if the sterling-[illegible] rate were [illegible] uncompetitive.

UK Trade volume: % change (exc. oil and erratics)

Year	Imports	Exports
1986	+7.1	+2.4
1987	+8.6	+7.6
1988	+14.6	+4.4
1989	+7.4	+9.2
1990	+1.2	+7.3
Three months to Jan 1991*	-2.5	-1

*Over previous three months. Source: CSO

LETTERS

ERM credibility theory is irrelevant

From Mr [illegible] Keating.

Sir, The London Business School's [illegible] ERM band ("Narrower ERM band for [illegible] urged", February [illegible]) is premature, especially the suggestion of a move to a lower central parity.

The theory is that such a move, by reducing sterling's downside potential, boosts the credibility of the government's commitment to the ERM, thus allowing lower interest rates.

This argument is at best irrelevant and at worst dangerously wrong. Irrelevant, because the peseta is so strong that sterling's current effective floor against the D-Mark is about DM2.90, a figure that would be unaltered by a move to the narrow band at the current [illegible] parities. Dangerously [illegible], because moving to a [illegible] at a central parity of DM2.85 – and devaluing by similar amounts against other ERM currencies – would lower the [illegible] floor against the D-Mark from [illegible] DM2.90 to about DM2.80, the opposite of the LBS intention.

Such a move might cause sterling to [illegible] sharply, [illegible] an unexpected loss for investors, damaging sterling's embryonic credibility [illegible] an ERM [illegible] and possibly making [illegible] to cut UK interest rates.

At some point, possibly during 1992 or 1993, a move to the narrow band may be appropriate. Retention of the [illegible] band [illegible] then [illegible] main advantages:

1. It [illegible] greater autonomy for UK monetary policy. Suppose the UK economy is recovering healthily by [illegible] 1991, with base rates at about 11 per [illegible] and a weakening German economy pushing D-Mark rates below 8 per cent. [illegible] too an election has occurred with the winning party endorsing the current ERM parity.

In [illegible] circumstances, there could [illegible] a while [illegible] upward pressure on sterling [illegible] downward [illegible] sure on UK interest rates. To avoid a repetition of 1988's mistakes, it would be very useful to [illegible] for sterling [illegible] temporarily [illegible] DM3.13, [illegible] allowed by the broad band.

Later, this freedom should become [illegible] necessary as falling inflationary expectations [illegible] control [illegible] UK demand at a [illegible] level of nominal [illegible] rates.

2. Estimates put the DM/£ [illegible] (purchasing [illegible] parity) rate at just [illegible] 3.20, but [illegible] figure is subject to considerable uncertainty and will, in any event, decline by an unknown amount during the, desirably brief, period that UK producer price inflation remains [illegible] the German level.

Retaining the broad band until 1992 or 1993 will allow a decision to be taken then, on the basis of two to three years' experience within the ERM, on whether a DM2.95 or DM2.85 level would be most appropriate as the central parity [illegible] sterling's narrow band.

By then, the peseta might have weakened, so if 2.85 were chosen, [illegible] would [illegible] the advantage – which it does not have now – of leaving sterling's downside unchanged at about DM2.78 and [illegible] damaging [illegible].

[illegible] Keating,
executive director,
[illegible] Suisse First Boston,
[illegible]

League sets out blacklists stance

From Mr Jack [illegible]

Sir, Referring to John Gapper's [illegible] ("Commons [illegible] mittee condemns secret blacklists", February 21), our director general told the House of Commons employment committee [illegible] "The [illegible] that all organisations [illegible] supply [illegible] about job applicants other than normal employers' references and state security services should be subject to regulation and licensing in legislation. Furthermore, we [illegible] that under the terms of the licence companies should be required to conform to a statutory code of practice."

On the right of individuals to [illegible] and [illegible] held about them, the [illegible] provides full answers to every such enquiry and plans to computerise such records, register under the Data Protection Act, and so comply with the committee's recommendation.

[illegible] Winder,
director of information & research,
The Economic League,
[illegible] Temple Chambers,
Temple Avenue, [illegible]

Lords' decision sounds death-knell for swap deals

From Mr Andrew Ayres.

Sir, I would like to make some observations on [illegible] article by Derek Wheatley QC (Business Law: "Question mark over swaps", February 21).

First, the sentence at the end of the ninth paragraph should have read "swap dealing was *not* within the powers of the council". I am sure this was the author's intention and that the word "not" was omitted inadvertently but nevertheless your readers might have been somewhat confused.

Second, Mr. Wheatley said: "We all know that gaming contracts are unenforceable."

However, many swaps entered into by local authorities could not justifiably be described as gambling contracts. Also, section 63 of the Financial Services Act 1986 would save most swaps from being wagering contracts.

Third, while it is true that certain provisions in the Companies Act 1989 should diminish the effect of the *ultra vires* doctrine, the new act does not prevent shareholders taking action against directors who have committed their company to transactions it should not have entered into.

A counterparty could therefore find that it was a party to a [illegible] with a [illegible] the directors of which were the *subject of* litigation or had been forced to resign.

It seems that it will still be desirable for a counterparty to check the memorandum and articles of association of corporate counterparties, obtain board minutes and satisfy itself that the swap or other hedging transaction is being *entered into for debt management purposes*. For example, most banks already check carefully to see that the building societies with which they enter into swap transactions are empowered to do so, and that the societies disclose the purpose of the swap.

This, of course, is hardly possible in the current swaps market where, as Mr Wheatley says, dealers may have only a few minutes to decide whether to accept a bargain or not.

One of the more surprising elements of the House of Lords decision was the ruling that Hammersmith and Fulham had no power to carry on the interim strategy, namely that of terminating certain [illegible] and only [illegible] into new swaps and similar transac[illegible] for the [illegible] of [illegible] ing loss on earlier contracts.

I believe, however, that it is possible for a local authority to compromise an action or, possibly, a threatened action for restitution.

What it cannot do is enter into a further *ultra vires* transaction. Compromising an action cannot, it is submitted, be *ultra vires* so long as it is clear that there is a bona fide dispute as to whether the local authority is liable to make restitution.

I am afraid that the House of Lords' decision in the Hammersmith and Fulham case may have sounded the death-knell of the London swaps market as it has been previously conducted, not only for local authority swaps but for other categories of swaps as well.

Andrew Ayres,
Norton Rose,
Kempson House,
PO Box 570,
Camomile Street, EC3

Not so popular

From Mr Reuben Lōwy.

Sir, In his article ("Thatcher in transition", February 23), Philip Stephens writes that "nowhere is Thatcherism more revered than in Britain's Jewish community".

I would like to distance myself strongly from such a wide, sweeping and undocumented claim.

Reuben Lōwy,
8b Hillfield Park,
Muswell Hill,
N10

Don't bet on it

From Mr G B Hill.

Sir, The first sentence of Samuel Brittan's column (Lombard, February 18) was: "Faithful readers will know how sceptical I am of forecasts and will not be surprised to hear that I take very few bets."

This reminded me of Sam Goldwyn's classical edict: "Never prophesy, especially about the future."

G B Hill,
42 Eggington Road,
Wollaston,
Stourbridge,
West Midlands.

FINANCIAL TIMES
Thursday February 28 1991

Kuwaitis rejoice amid ruins of their capital

Victor Mallet reports on liberation celebrations – and evidence of Iraqi atrocities

THE people of Kuwait City yesterday poured onto the [redacted] in a day-long outburst [redacted] gratitude and rejoicing.

They waved Kuwaiti, American and British flags [redacted] columns [redacted] Kuwaiti, [redacted] and Egyptian tanks [redacted] armoured cars advanced into the city under a lowering sky of storm clouds and black smoke.

Kuwaiti troops fired more bullets into the air [redacted] yesterday than they did to [redacted] their country [redacted] the Iraqis invaded on August [redacted] year.

For political [redacted], the Arab [redacted] were allowed [redacted] bask in the glory [redacted] was essentially [redacted] American military triumph.

This was, however, no time for jealousy. [redacted] Kuwaiti soldiers themselves leapt [redacted] their armoured cars to [redacted] American colleagues guarding [redacted] approaches to [redacted] capital.

Kuwaitis, joined by Indian [redacted] Filipino migrant workers, greeted their [redacted] with [redacted] of "[redacted] Kuwait", "God [redacted] Great", [redacted] – on seeing [redacted] people – "God Save [redacted] Queen".

I, for one, have [redacted] as many people so happy [redacted] one time.

[redacted] the sound [redacted] falling bombs still echoed in the distance, old men, veiled [redacted] and [redacted] children [redacted] and [redacted] atop burnt-out Iraqi tanks and waved portraits [redacted] Sheikhs Jaber and [redacted] al-Sabah, the Emir and [redacted] Prince [redacted] Kuwait.

Almost [redacted] Kuwaiti [redacted] of Iraqi [redacted] against themselves, their families or their [redacted]. Even if some [redacted] exaggerated [redacted] plenty [redacted] of Iraqi brutality.

[redacted] Adan hospital, Kuwaitis who had [redacted] in the back of the head [redacted] close range lay in the [redacted] alongside Iraqi soldiers killed in [redacted] days. At the Rikka cemetery there [redacted] 38 communal [redacted] holding the corpses of four unidentified Kuwaitis.

Iraq's departing army [redacted] trail [redacted] spiteful [redacted] behind it. Huge fires burned at oil terminals along the coast, at oil [redacted] inland [redacted] [redacted] throughout [redacted] city. Several [redacted] major [redacted] by the Iraqis [redacted] days [redacted]. A [redacted] soldier [redacted] yesterday [redacted] standing [redacted] land mine.

Dr Jaffar Mohammed, [redacted] preventive medicine [redacted] Ministry of Health [redacted] "Everything in Kuwait has [redacted] destroyed. I'm [redacted] and I personally [redacted] the bodies of five young men and women who were shot in the back of the head after being tortured."

He said: "I'm relieved and I am happy and I thank the US, Britain and the coalition allies. Kuwait was like [redacted] big concentration camp."

Kuwaitis all [redacted] the capital spoke [redacted] young men [redacted] arrested and disappeared, [redacted] from telegraph poles [redacted] mothers on the doorsteps of their homes.

Residents [redacted] the Iraqi security police [redacted] for [redacted] torturing [redacted] the [redacted] on Sunday in civilian cars.

Many [redacted] troops [redacted] so lucky. [redacted] trucks [redacted] tanks, [redacted] by US [redacted] or destroyed by [redacted] tanks, [redacted] the path [redacted] frantic attempts to [redacted] rubber, plastic and [redacted] in unimaginable shapes [redacted] the ground.

Allied bombing [redacted] precise, [redacted] quite [redacted] the [redacted] military spokesmen would have us believe. [redacted] damage beyond what was perpetrated [redacted] Iraqis themselves in August and in the past few days, but Iraqi beachfront emplacements had been hit repeatedly from the air.

At the Adan hospital, however, five people were killed at a staff hostel two weeks ago, probably by allied bombs, and a patient in one of the wards had lost [redacted] his house [redacted] from the air. Doctors [redacted] the Iraqis [redacted] stored [redacted] in the hospital [redacted] during [redacted].

Plentiful [redacted] supplies lined the corridors and [redacted] equipment [redacted] stolen. [redacted] the Iraqi army brought its wounded to the hospital for treatment.

Iraqi sabotage has deprived Kuwait, which once boasted a modern and efficient infrastructure, of electricity, [redacted] phones and running water. Food is in short supply, and some people have been reduced [redacted] with a spoonful [redacted] vegetables. Last [redacted], Kuwait City was dark, [redacted] for the lurid orange glow of numerous oil fires lighting up the clouds. But the mood was one of jubilation.

Last night former resistance fighters and self-styled militiamen with crimson armbands set up roadblocks. They were hunting for Iraqi soldiers and Palestinians suspected of collaborating with the invaders. But there were no immediate signs of any violence.

The vociferously anti-Palestinian mood in Kuwait – where 350,000 Palestinians used to live – suggests that Mr Yassir Arafat, leader of the Palestine Liberation Organisation, made a grave blunder in supporting President Saddam Hussein's ambitions in the Middle East – at least as far as Kuwaitis are concerned.

"We need flags to wave," said one Kuwaiti woman as the allied forces entered the city. "American, British and Israeli too." Many Kuwaitis and other Gulf Arabs now say openly that they want to recognise Israel, a fellow victim of the Iraqi leader in this Gulf war, and expel Palestinian residents. Not all Palestinians collaborated – and some even assisted the allied cause – but Kuwaitis seem to remember only those who informed on the resistance.

Groups chosen to bid for reconstruction

By Andrew Taylor, Construction Correspondent, in London

A [redacted] of 36 international engineering and construction groups have been [redacted] to bid for [redacted] repair [redacted] reconstruction [redacted] in Kuwait.

According [redacted] British companies, the [redacted] have pre-qualified [redacted] bid for [redacted] first [redacted] includes 12 US companies, 10 British, [redacted] Saudi Arabian, [redacted] French and [redacted] Cypriot company.

The [redacted] are understood [redacted] include Bechtel, Brown and [redacted] and Morrison Knudsen. The [redacted] French companies are Sogea and Bouygues.

Some British companies [redacted] viously had complained [redacted] groups [redacted] of the strength [redacted] US military in the Gulf, [redacted] likely [redacted] the lion's [redacted] reconstruction work.

The companies [redacted] provide details of [redacted] including [redacted] for plant, materials, [redacted] and profit margins to the [redacted] Corps [redacted] Engineers on Friday.

The [redacted] be awarded within [redacted] hours of receiving the bids, according [redacted] large British contractor.

The speed of the Iraqi military collapse in [redacted] means that it [redacted] become urgent [redacted] the first [redacted] contracts [redacted] quickly [redacted] possible [redacted] emer[redacted] repair [redacted].

The [redacted] government at the beginning [redacted] part [redacted] US military, [redacted] day [redacted] repairs and [redacted] water, [redacted] services [redacted].

The 10 British [redacted] GEC Marconi [redacted] as several large construction [redacted] with [redacted] experience of working in [redacted] East, such as Wimpey, Laing, Costain and Higgs and Hill.

Other British companies on the list include Lilley, a general contractor, Edmund Nuttall, tunnelling specialists, and Biwater, which specialises [redacted] developing and operating water and [redacted] systems.

According to documents sent to British companies, contracts initially will be to help clear roads and reconnect major highways, [redacted] water, [redacted] and [redacted] systems, [redacted] the reopening of ports [redacted] airports and to carry out [redacted] repairs on buildings.

The value of individual contracts, according to the document from the Corps of Engineers, will be between $2m and $5m. [redacted] eventual [redacted] of emergency repair work, however, [redacted] likely [redacted] several hundred million dollars.

UK project may assist parties in S Africa

By Ralph Atkins in London

A NEW foundation, funded by [redacted] British government [redacted] offering aid to political parties in fledgling democracies, could eventually help South African political parties committed to democracy.

Mr Douglas Hogg, UK Foreign Office [redacted], is finalising details of [redacted] foundation. It has been under [redacted] [redacted] summer and is expected to be unveiled in the next few weeks.

Initially, help is expected to go mostly to new political parties in eastern Europe but the government has decided that no country should be excluded if it is regarded as meeting basic requirements.

That could allow support for parties commited to a democratic process in South Africa – including [redacted] African National Congress. But one official cautioned that this was "some way off" and depended on the pace of reform.

Ministers have consulted the opposition Labour and Liberal Democrat parties over the plans amid anxiety at Westminster that Britain might be left behind other western European countries in supporting political parties in eastern Europe.

"Britain has lost a lot of time in getting engaged, not only in central and eastern Europe but other parts of the world," said Mr George Robertson, the Labour party's foreign affairs spokesman.

German state-funded political foundations have already moved into east Europe, helping to foster political parties. The Konrad Adenauer Foundation – attached to the Christian Democrats – has offices in Warsaw, Budapest, Prague and Moscow as well as in South Africa.

The Friedrich Ebert Foundation – linked to Germany's Social Democrats – has offices in Moscow, Warsaw, Budapest and Prague.

Plans being finalised at the British Foreign Office envisage a board of trustees comprising academics and civil servants. UK political parties, or other organisations, who would apply on behalf of political parties in other countries.

Aid is likely to be small scale, focusing on offering advice or paying for equipment such as computers. Additional sponsorship is likely to be sought from the private sector.

The fund would extend UK aid available for emerging democracies under "knowhow" financing. Its aim would be the promotion of pluralistic democratic systems without favouring any political [redacted].

Last year, Mrs Margaret Thatcher, then prime minister, surprised many in a letter to Mr Bernie Grant, a Labour MP, in which she raised no objections in principle to funding any democratic party in South Africa.

Brussels, Bonn in row over European bank

By David Buchan in [redacted] and David Marsh in [redacted]

A WAR of [redacted] European monetary [redacted] (Emu) flared [redacted] and Bonn yesterday after [redacted] EC Commission criticised Germany's suggestion of delaying the [redacted] of a European central bank [redacted] least until [redacted].

The [redacted] Ministry rejected as "incomprehensible, and, in this form, unusual" the Commission [redacted] yesterday attacking [redacted] on Emu released in [redacted] Tuesday.

In the most controversial part of [redacted] proposals, Bonn suggested [redacted] creation [redacted] the mooted European central bank should be postponed at least until 1997 instead of taking place in [redacted], as the Commission [redacted] been hoping.

Yesterday's [redacted] comes [redacted] in Community capitals, above all in Paris, over signs [redacted] Germany [redacted] institutional [redacted] towards Emu. Mr Jacques Delors, the Commission president, had hoped [redacted] could prevail upon

Jacques Delors: in favour [redacted] bank's early creation

Chancellor Helmut Kohl to persuade his finance ministry to drop [redacted] early creation of the European central bank.

[redacted] also [redacted] the [redacted] bank should be set up only [redacted] EC [redacted] they were ready to move to a single currency. This restrictive formula carries the hallmark of the Bundesbank, [redacted] policy-making council recently approved Bonn's draft Emu document.

The Commission claimed that Bonn's proposal contradicted the agreement of EC heads of government in Rome to set up an embryonic central bank when the second phase of Emu starts.

The Commission spokesman, referring to the Rome agreement that "at the start of the second phase, the new Community [redacted] will be [redacted]", [redacted] the Bonn plan "does [redacted] conform with [redacted] communiqué."

The Commission dismissed [redacted] as playing with words Germany's [redacted] October agreement. [redacted] plan [redacted] upgrade the present [redacted] of central [redacted] into "council" [redacted] changed powers [redacted] a new "institution". Commission officials retort that everyone in Rome had in mind that the new body should be nothing less than the planned European system of central banks.

US, Britain reject offer

Continued from [redacted] 1

Iraq at this stage," the Foreign Office said.

The Iraqi ambassador [redacted] the UN objected strongly [redacted] the description [redacted] his country's [redacted] "conditional". "Let's forget [redacted] conditions," he [redacted] "If your are not alive, you cannot walk; you cannot implement [redacted] resolutions [redacted]."

[redacted] Iraqi delegate also argued that some [redacted] UN [redacted] on [redacted] Gulf crisis, [redacted] example the demand that Iraq quit [redacted] and allow foreign [redacted], were no longer applicable, [redacted] they had been fulfilled.

Mr Anbari said Iraq was prepared to release all prisoners-of-war. Asked about the 20,000 foreign civilians still reported to be in the country, he said that, if Iraq was willing to free military prisoners, there were even better reasons for letting civilians go.

Allies pound Guard units

Continued from [redacted] 1

The British spokesman said the [redacted] Armoured Division [redacted] continuing [redacted] operations [redacted] Iraqi forces in southern Iraq and had destroyed 150-200 [redacted] in the 24 [redacted] up [redacted] yesterday afternoon.

Gen Schwarzkopf claimed the allied [redacted] was a triumph of [redacted] and brilliant execution. He [redacted] allied [redacted] had deceived the Iraqis, convincing [redacted] to concentrate their troops in anticipation [redacted] frontal [redacted] on Kuwait's [redacted] border by an amphibious landing. This deception had enabled [redacted] and a [redacted] moving encirclement which was in [redacted] final phase.

He confirmed that the timing of the land campaign [redacted] exactly [redacted] he recommended to the Mr Cheney and [redacted] Colin Powell, chairman of the joint [redacted] staff, a fortnight [redacted] the ground [redacted] started.

UK cuts base rate

By Our Economic and Political Staff in London

THE UK government cut [redacted] rates yesterday for the [redacted] time in a fortnight, taking advantage of sterling's resilience within the European Monetary System to stimulate [redacted] economy.

Lenders began to lower their mortgage interest rates within an hour of the announcement.

The move had only slightly [redacted] the cut, confirming [redacted] judgement [redacted] it would be [redacted] ease monetary [redacted] in London [redacted] a pfennig down [redacted] DM2.9150, [redacted] within [redacted] exchange rate mechanism limited by the dollar's rise against [redacted]. A 25.8-point [redacted] 2,348.0 in [redacted] FT-SE 100 [redacted] index on the London [redacted] was helped by an early [redacted] Wall Street.

This reinforced an emerging mood of optimism among Conservative MPs at Westminster and underpinned speculation that Mr John Major, the prime minister, would be tempted to call [redacted] general election as early as [redacted] summer. [redacted] would then [redacted] able to capitalise on the conjunction of falling interest rates, lower oil prices and the probable end to the Gulf war.

Only the timing of the half percentage point cut in the bank base rate [redacted] per [redacted] – with its strong political implications – surprise the markets and City of London.

The Treasury denied that the cut had any political dimension and [redacted] the move was made on economic grounds.

Continuing evidence [redacted] was easing, coupled with the pound's strong performance [redacted] the foreign exchanges, had [redacted] "appropriate [redacted]" for a further easing in borrowing costs, the Treasury said.

Sterling [redacted] [redacted] the UK [redacted].

[redacted] In Spain, the three-month interbank [redacted] 20 basis points [redacted] 14.4 [redacted] cent [redacted].

Analysis and reaction, Page 11; Editorial comment, Page 14; Lex, Page [redacted]

WORLDWIDE WEATHER		
Ajaccio	[illegible]	[illegible]
Algiers	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]
Athens	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]
Barbados	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]
Beirut	[illegible]	[illegible]
Belfast	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]

Temperatures at midday [redacted] C–Cloudy [redacted] F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet [redacted] T–Thunder

THE LEX COLUMN

Just another base rate cut

One for the by-election, one for the Budget. Even before yesterday's UK base rate cut, the markets were half way to discounting the next one. They are now there entirely. The March sterling future assumes rates of 12.4 per cent the day after the Budget, a prospect which seems not to worry the foreign exchange market in the slightest. The futures market then goes a further step by discounting *just over* 11 per cent by June, which if true would presumably make a snap election [redacted] certainty.

There are several obvious [redacted] in this, one of which concerns [redacted] relationship between sterling and the D-Mark. Among [redacted] effects of the promised end to the Gulf war has been a revival in the dollar at the D-Mark's expense. Hence *sterling's comfortable position* within the ERM. But if the D-Mark weakened too far, the Bundesbank might conceivably construe that as undue monetary laxity and revert to a [redacted] on [redacted] rates.

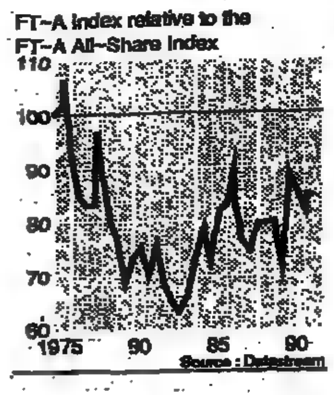
Given the progress being made on raising German taxes, that may be unlikely in practice. But there is an odd persuasion gaining ground in the markets that the end of the [redacted] will revive [redacted] spending worldwide [redacted] thereby halt the trend to monetary easing. Thus, it is said, [redacted] cycle [redacted] bottomed [redacted] the next move will be up. And indeed, US interest rate futures are now discounting 7.3 per cent by Christmas, as [redacted] 6.7 per cent now.

The snag about this, in turn, is the lack of hard evidence on how much the fall in consumer confidence was due to the Gulf crisis as opposed to the underlying cycle. But the fact remains that if the end of the war means a revival in activity, there is that much less scope for interest rate reductions worldwide. There is no doubt that UK rates are still coming down. They may have to do so in a slightly less helpful global context.

Commercial Union

Commercial Union [redacted] derive [redacted] certain grim satisfaction [redacted] yesterday's [redacted] ago, it was bottom of the heap and a prime [redacted] for takeover. Today it is virtually [redacted] the honour *of being the only quoted* UK composite to report a pre-tax profit [redacted] 1990, or for that [redacted] to escape losses in excess of £100m. The group's life and pensions business has come to the rescue as expected,

Insurance composite



with a 13 per cent underlying increase at the pre-tax level – conveniently just enough to *offset the damage* wrought elsewhere by storms, subsidence and other catastrophes. Years of patient nursing in the US *have also provided a turn*-round from £39.5m of losses in 1989 [redacted] operating profits [redacted] £12.9m. US provisions have now *been considerably* reduced, though CU's experience confirms that competition is intense and that the underwriting cycle *is still* heading [redacted].

The real question, though, is [redacted] will happen in [redacted] UK. CU yesterday was talking about pushing through further [redacted] in personal lines during the summer and claims it needs 15 to 20 per cent rises in commercial premiums just to break even. It may have to sacrifice market share to make those sorts of figures stick. On the other hand, the big jump in reinsurance premiums should soon start to work its way through the system and the chance of a repeat of last year's weather claims can now virtually be dismissed. *The fact* that a 27 per cent drop in shareholders' funds has not deterred the company from a 7 per cent rise in the annual dividend suggests that it [redacted] its own propaganda.

Lasmo

When [redacted] oil exploration company [redacted] enjoyed a 20 [redacted] cent increase in [redacted] output and a 15 per cent rise in the [redacted] price [redacted] product, [redacted] should come as no surprise that its earnings per share moved ahead by 34 [redacted] cent. Indeed, Lasmo's 13 [redacted] cent increase *in the full year dividend* could be classed as slightly mean, given the 22 per cent underperformance of its shares since last August.

Lasmo has strong cash flow and a solid balance sheet, with minimal gearing despite heavy capital expenditure. The shares at 368p are on a cash flow multiple of around 5½, which looks cheap in isolation. Of all the international explorers, it is overdue a big find. Its well-diversified acreage gives it a sporting chance. In short, the long-term outlook is positive.

The problem is that the longer the big find proves elusive, the worse the company's medium-term *record looks* compared with that of, say, Enterprise. Since 1984, Lasmo has produced average annual growth *in reserves per share* of just 1.8 per cent. Not including last year, Enterprise managed 10 times better. Of Lasmo's 44m barrel increase in reserves last year, 13m was the result of UK asset swaps. Take this away and it was not a vintage year for the drill-bit. The fall in oil prices this year will probably mean a drop in operating profits, not helped by the fact that the depreciation charge is rising sharply, because *Lasmo* capitalises exploration costs. Throw [redacted] the nagging uncertainty [redacted] asset values at a time when the oil price outlook is [redacted] its most opaque and it might be argued that the shares are indeed fully valued for the time being.

General Accident

General [redacted] fourth quarter results reflect either [redacted] burst of Scottish prudence or the extent to which the UK market deteriorated [redacted] the end of last year. Probably both. Net UK underwriting [redacted] in the quarter amounted to over £100m, which is going it a bit when one recalls that the £80m in the first quarter covered the most expensive storms in history. The weather, subsidence and motor claims have all taken their toll, though there is a suspicion that the company may also have got as much bad news out of the way as possible.

NZI Bank would finally appear to be turning the corner, the quality of the [redacted] business is above average and there [redacted] a drive to reduce [redacted] middle management in the UK. But only [redacted] optimist would hope for much more than break-even this [redacted], so GA will need to draw on its balance sheet a little longer to pay the dividend. Perhaps with that in *mind*, the company pointed out yesterday that net assets have risen from 330p to 371p per share since the year end. Against that figure, the cost of the final dividend was just 16p per share.

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Otto Versand buys holding in Next

A [redacted] may be looming for [redacted] of Next as Otto Versand, the privately-owned [redacted] mail [redacted] business, announced yesterday it had bought a 3 per [redacted] in the UK fashion retailer and intended to raise its holding up to 10 per cent. [redacted] already buying [redacted] order division, [redacted] £140m. Sears, the UK [redacted] which [redacted] the Freemans [redacted] business, [redacted] previously [redacted] an interest in Grattan [redacted] owns [redacted] stake in Next, believed [redacted] be just below [redacted] per cent.

Klöckner-Werke profits fall

Klöckner-Werke, [redacted] German [redacted] and engineering company, saw last year's operating profits fall to DM290m ($189.5m) from [redacted] in 1988-89. The [redacted] plans to [redacted] a DM5 dividend for the current year. [redacted] year's DM5 payout was [redacted] first since 1974-75. Page [redacted]

Can't buy me innovation

It is one of the [redacted] financial commitments [redacted] development of any leading corporation. Last year Siemens, the German electronics company, spent close to DM7bn ($4.48bn) on R&D. It needed to in order to meet intensifying competition in its core [redacted]. [redacted] company [redacted] recognised that money [redacted] will buy [redacted] in this race to develop [redacted] and produce competitive high-technology products, [redacted] Fleming. Page [redacted]

Fast forward for Cityvision

Cityvision, [redacted] UK [redacted] rental group, [redacted] reported a 31 per cent [redacted] in pre-tax profits for the year to [redacted] plans to buy [redacted] from [redacted] Store Group, the rival [redacted] company [redacted] went into receivership this month, for £2.4m ($4.58m) in [redacted]. Cityvision [redacted] profits [redacted] in the first half of the current year but the [redacted] for the second half was more encouraging. Page 24

Akzo [redacted] dividend

Akzo, [redacted] chemicals and fibres group, yesterday reported a [redacted] per [redacted] decline [redacted] 1990 profits and a cut [redacted] dividend. This [redacted] the first time [redacted] 1982 [redacted] has reduced its payout. Net profit fell to Fl 663m ($385m) from Fl [redacted] in [redacted]. If extraordinary items [redacted] excluded in both years, net profit was down 22 [redacted] cent [redacted] Fl 729m. [redacted] dividend is to be cut to Fl 6.50 from Fl 8.00 in 1989. Page 18

Paris, Texas

French farms are getting bigger every year. Nineteen [redacted] was average in 1970, 23 [redacted] in 1979 and [redacted] in [redacted] rate [redacted] will be [redacted] 36 hectares by the year 2000. This trend is one reason why French [redacted] their government [redacted] united against proposals put forward by [redacted] European Commission [redacted] a reform of the [redacted] Agricultural Policy. The proposals go against the grain. They involve cutting farm produce prices [redacted] providing compensation in the form of income support – but mainly for farms [redacted] less than 30 [redacted]. Page 25

Market Statistics

Base lending rates	[redacted]	London traded options	22
[redacted] Govt [redacted]	[redacted]	London tradit options	22
FT-A indices	[redacted]	Managed fund service	[redacted]
FT int bond svce	[redacted]	Money markets	34
Financial futures	[redacted]	New int bond issues	22
Foreign exchanges	34	World commodity prices	[redacted]
London recent issues	22	World stock mkt [redacted]	39
London share service	[redacted]	UK dividends announced	[redacted]

Companies in this section

AKZO	18	Lasmo	18
Anglovaal Industries	20	[redacted] Spencer	24
BTR Nylex	17	Metsä-Serla	[redacted]
BWD [redacted]	23	[redacted]	[redacted]
Bank of [redacted]	19	Montana [redacted]	[redacted]
[redacted] Bingley	24	Pilco	[redacted]
CIL	20	[redacted] Holdings	24
Century [redacted]	23	SHL Systemhouse	19
Cityvision	24	Saatchi & Saatchi	24
Commercial Union	24	Smith & Williamson	24
Cukurova	23	[redacted] Electronik	19
Deutsche Babcock	18	St Modwen Props	23
Eleco	24	Stora	19
Ericsson	18	Sumitomo Rubber	20
Fay, Richwhite	20	Teva Pharmaceutical	20
French Property	23	TransAtlantic	23
Fuchs	23	USF&G	19
Genentech	19	WPP	24
General Accident	24	Westdeutsche LB	18
Haeco	20	Wilkes (James)	24
Klöckner-Werke	19	Woolworth	18
		Wuon Poong	18

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Metallgesel	483.5	+	19
Porsche	820	+	10
Rosenthal	325	+	5
Sud-Chemie	620	+	10
Zanders	223	+	[redacted]
Falls			
Karstadt	570	–	5

NEW YORK ($)

Rises			
Caterpillar	53⅝	+	3⅜
Chevron	74⅜	+	2⅜
Mobil	63½	+	2⅛
Texaco	63½	+	2¼
Falls			
Amgen	93	–	4¼
Woolworth	33⅛	–	1⅜

PARIS (FFr)

Rises			
Bouygues	578	+	[redacted]
Cetelem	532	+	5
Essilor	390	+	[redacted]
Peugeot	512	+	[redacted]
Vallourec	297	+	[redacted]
Falls			
Union Immob	[redacted]	–	[redacted]

TOKYO (Yen)

Rises			
Akashic Dnt	610	+	[redacted]
Ishii Iron	[redacted]	+	[redacted]
Kawai Music	[redacted]	+	79
[redacted]	[redacted]	+	210
[redacted]	1150	+	[redacted]
Falls			
Ohkura Elect	1010	–	90

New York prices at 12.30.

LONDON (Pence)

Rises			
Bilton (P)	[redacted]	+	20
Br Aerospace	[redacted]	+	[redacted]
C'bread Robey	50	+	15
Clinton Cards	274	+	27
Douglas (RM)	[redacted]	+	32
Fisher (Jas)	96	+	8
LASMO	358	+	13
Lopex	57	+	12
NatWest Bank	308	+	17
Next	32½	+	[redacted]
P & P	122	+	10
Page (M)	34	+	4½
Premier Cons.	57	+	7½
[redacted]	161	+	[redacted]
Severfield-R.	51	+	5
S. Wales Elct	203	+	[redacted]
Taylor Wdrow	[redacted]	+	17
Wessex Water	365	+	15
Falls			
Business Tech.	[redacted]	–	[redacted]
Central TV	484	–	11
Chelsea Man	[redacted]	–	4

● Number of weather-related claims soars ● Theft costs up 50% ● Poor returns on investments

Leading UK insurers suffer heavy falls

By Richard Lapper

DIFFICULTIES in the [redacted] industry [redacted] highlighted yesterday as [redacted] of the country's big five insurance companies unveiled [redacted] 1990 results.

Commercial Union and [redacted] Accident registered heavy non-life underwriting losses. Royal Insurance, which [redacted] today, and Sun Alliance and Guardian Royal Exchange, [redacted] report in the next few weeks, [redacted] also expected [redacted] heavy [redacted].

GA reported pre-tax [redacted] of £121.3m ($231.7m), against [redacted] profit of £147m in [redacted] CU reported a small pre-tax profit of £1.4m, compared with [redacted] in [redacted]. However, [redacted] attributed [redacted] mainly [redacted] strength in the life insurance market.

Mr Nelson Robertson, chief general manager of General Accident, [redacted] "the [redacted] year [redacted] experienced".

Mr Peter Ward, CU's general [redacted] responsible for trading operations in the UK, [redacted] 1990's underwriting results [redacted] been affected by an "unprecedented number of adverse features". [redacted] companies [redacted] hit by a [redacted] of weather-related claims. Storms in January and February 1990 produced one of the [redacted] industry's worst [redacted] losses.

Two dry summers have also taken their toll in the form of record subsidence claims. CU reported that claims from subsidence were [redacted] times higher than [redacted] ago.

Motor accidents claims [redacted] up, along with [redacted] and theft. CU says [redacted] of theft claims rose 50 per cent in 1990 compared with 1989. The cost of fire claims [redacted] 25 per [redacted] have also [redacted] hit by "claims inflation", [redacted] of [redacted] rising [redacted] per [redacted] greater than [redacted] underlying Retail Price [redacted].

Underwriting [redacted] in the UK [redacted] particularly serious in the [redacted] quarter [redacted] when the industry was hit by a rash of heavy fire claims.

The weakness of investment markets [redacted] compounded the industry's problems. Although [redacted] balance sheets of British [redacted] strong relative [redacted] sectors, [redacted] capital base of CU and GA [redacted] declined significantly in 1990. Shareholders' [redacted] Commercial Union fell more than 27 per cent [redacted] year [redacted] £1.23bn.

[redacted] insurers [redacted] likely to [redacted] an increase in premiums. With their own re-insurance [redacted] rising steeply, all five composites [redacted] rates by 10 [redacted] last year. A further rise [redacted] year is possible.

Insurers [redacted] also keen [redacted] rates for commercial lines – [redacted] insurance bought by industrial and service companies – which have been driven to unprecedented lows by rate competition. As the cross-border insurance buying becomes more [redacted] in Europe, insurers are under increasing pressure [redacted] retain market share.

Mr [redacted] believes increases of between [redacted] and [redacted] per cent [redacted] necessary [redacted] restore the profitability in these lines. He says that CU [redacted] determined [redacted] increase rates even if it means losing business.

Lex, Page 16; Loss [redacted] insurer, Page [redacted]

BTR Nylex declines for first time in eight years

By Bruce Jacques in Sydney

BTR NYLEX, the Melbourne-based conglomerate [redacted] by BTR [redacted] UK, [redacted] first [redacted] in eight years.

The [redacted] come through depressed [redacted] for [redacted] building products with a 6.1 per cent fall in net earnings to A$489m (US$385m) for 1990, from A$521.04m a year earlier. Earnings per share fell to 22 cents from 24.3 cents.

Reflecting the tough times, directors broke with a five-year tradition and failed to announce a scrip share issue. They have, however, raised the annual dividend to 11.75 cents a share from 11.25, lifting the indicated payout to A$266.5m from A$244.7m.

Mr Alan Jones, chairman, said most of the company's markets, except packaging, slid into recession in the year. "The sectors worst affected were automotive, building products, commercial interiors and consumer products," he said.

"On the other hand, activities in our Asian operations, particularly Malaysia, Thailand and Taiwan, were buoyant.

"During the second half of 1990 management energies were directed at rationalising and reshaping operations to reflect the current business activity. In that process, rationalisation and redundancy costs in excess of A$35m were charged against the operating profit for the period."

First-half operating profits fell to A$941.49m from A$1.02bn. Net profits were A$225.64m against A$256.38m; interest charges A$177.67m compared with [redacted] and depreciation was A$184.2m, up from A$158.15m. Minority interests were A$49.15m against A$48.06m.

Rey: First attempt to sell a controlling Adia stake was thwarted

Twists at the end of Omni's debt tunnel

William Dullforce looks at the strategy of Werner Rey

HAS Mr Werner Rey succeeded in resolving his [redacted] debt problems by selling a majority stake in Adia, the big employment and services group, for SFr770m [redacted] to Asko Deutsche [redacted] and Mr Klaus Jacobs?

In Zurich and Geneva yesterday this question [redacted] the focus of discussion over the deal [redacted] by Asko, the big German retailing house. The general [redacted] likely in the [redacted] that has [redacted] the Swiss financier [redacted] will [redacted].

Mr Jürg Neck, spokesman for Omni Holding, Mr Rey's parent company, said that talks about [redacted] an interest in [redacted] to Lonrho, the [redacted] group controlled by Mr Tiny Rowlands, were "quite advanced". Lonrho [redacted].

Mr Rey, 47, has had a fabulous career as investor, [redacted] and industrialist since he burst on to the Swiss financial scene in 1976. He bought for SFr6m a 20 per cent stake in Bally, the Swiss shoe company. Under pressure from the Swiss [redacted] establishment, which resented the intrusion of an outsider, he was forced to sell it, but made a SFr50m profit on the deal.

From then on, in a rapid sequence of company purchases and sales, he put together a large, highly diversified group with interests in banking, services, property and manufacturing, operating in Germany, Britain the US, and Switzerland. Last year Bilanz, the Swiss financial magazine, estimated his personal fortune at [redacted].

Mr Rey's approach has been two-fold – to build up strategic [redacted] for the longer [redacted] in service and industrial companies, while [redacted] running a merchant banking operation, buying and selling smaller companies with unexploited [redacted].

Omni's major Swiss holdings are in Adia, Sulzer, the big Swiss engineering company, the Jean Frey printing and publishing group and Ateliers de Constructions Mécaniques de Vevey, a manufacturer of turbines and transport equipment.

But Omni also owns 51 per cent of Harpener, the Dortmund-based parent for a clutch of German property, power, shipping and service companies. Through OmniCorp International BV in Amsterdam, it held stakes in the UK's Hudson Place Investments and Parc [redacted] and in the [redacted] Omni [redacted] Properties.

Last year, Swiss analysts reported that Mr Rey had been caught by the recession, the slump in stock market prices and the rise in interest rates just when he needed to raise new equity to finance investments based on borrowings.

His first attempt last month to sell a controlling stake in Adia to Comco Holding, Asko's Swiss subsidiary, was thwarted after the press criticised the deal for being struck at an artificially high price.

Last week Metro, another big German retailing group, dropped a plan, under which it would have bought a stake in Omni and provided Mr Rey with a stand-by credit.

On Tuesday Mr Klaus Jacobs stepped in. He is estimated to have collected some SFr2bn in cash from the sale last year of his controlling interest in Jacobs and Suchard, the Swiss coffee and chocolate group, to Philip Morris, the US conglomerate.

Asko announced that Mr Jacobs was joining it in a 50-50 joint venture which would buy the 53 per cent of voting rights in Adia [redacted] Omni. The price was SFr1,100 a share compared with the SFr1,500 that Comco would have paid. Under the Comco deal, however, Omni would have repaid SFr[redacted] for a [redacted] per cent interest in Asko's Swiss subsidiary.

On the other hand, of the 700,000 shares involved in the new deal it is understood that Omni will have to buy [redacted] a core group of Adia shareholders at a price higher than SFr1,100 a share. Mr Neck said Omni's net cash gain from the new deal would be about much, around SFr500m, as that expected from the Comco deal.

But Omni is still in rough water. It has to untangle an outstanding debt of SFr216m convertible into Adia shares which form part of the stock being sold to the Asko-Jacobs partnership.

Harpener, in which Japanese companies have an interest of some 30 per cent, has asked Omni to buy back the 29.5 per cent stake in Hudson Place Investments which International Leisure Group sold to it in December.

At the end of 1989, Omni reported assets of more than SFr4bn, equity of roughly SFr1bn and borrowings of SFr3bn, of which SFr500m was attributable to minority interests.

[redacted] smaller investments [redacted] analysts believe that the [redacted] grown and that Mr Rey is by no means at the [redacted] of his troubles.

Ahold plans acquisition of big US supermarket chain

By Ronald van de Krol in Amsterdam

AHOLD, the leading Dutch food retailer, plans to acquire Tops [redacted] York-based supermarket group with annual sales of US$1.15bn, [redacted] the Dutch company's long [redacted] a fourth major supermarket chain [redacted] add [redacted] business.

The [redacted] companies [redacted] signed a letter of intent on the transaction and hope to close the deal in April. Ahold declined to disclose the terms.

Ahold said that Tops Markets, a privately-held company, is the biggest food retailer in western New York state.

It owns, either directly or through franchises, 59 [redacted] Friendly Markets, 76 Wilson Farms [redacted] and [redacted] B-Kwik "superettes".

Tops Markets, which has a [redacted] of 11,000, posted [redacted] operating profit [redacted] in 1989-90.

The Dutch retailer already [redacted] big supermarket [redacted] in the [redacted] part of the US – [redacted] Bi-Lo and Giant [redacted].

These chains make it one of the top dozen US food retailers, with 342 supermarkets located in an arc running from New England through Pennsylvania and Ohio down to South Carolina.

"Tops represents a remarkably good fit with Ahold's existing US operations in terms of its retailing formats, market approach and [redacted] location," said Mr [redacted] Zwartendijk, president [redacted].

The latest acquisition tips the balance between Ahold's US and European activities slightly in favour of the US. Last [redacted] half [redacted] Ahold's turnover of Fl [redacted] ($10.2bn) was generated [redacted] US.

However, Ahold said it would continue its strategy of maintaining a 50-50 balance between US and European activities. Last year, Ahold's US sales rose 8.8 per cent in dollar terms, outstripping the 5.9 [redacted] posted in the Netherlands.

The company, [redacted] Albert Heijn supermarket chain is by far the largest in the Netherlands, is discussing possible joint [redacted] arrangements with partners in Czechoslovakia.

It [redacted] a founding member [redacted] Associated Marketing Services, the European marketing partnership which also includes [redacted] of the UK and Casino of France.

SKF declines 29% to SKr1.75bn

By Robert Taylor in Stockholm

[redacted] the world's leading roller bearings manufacturer, announced yesterday a [redacted] per cent drop in profits after financial items for 1990 to SKr1.75bn ($308m) from SKr2.47bn. The result includes a SKr28m fourth-quarter loss.

Group sales rose 10 per cent last year to SKr27.7bn from SKr25.6bn.

The company said it plans to cut its 49,000 workforce worldwide by 2,500 this year with a 20 per cent reduction in its employees in Sweden.

The company said that the change in its financial position during the year had been "rapid and sharp". Executive officer Mr Mauritz Sahlin said SKF had never experienced a faster downturn.

The first quarter of 1990 was one of the most successful in the history of SKF with a profit after financial [redacted] but [redacted] economic [redacted] began [redacted] of the Gulf crisis with a [redacted] drop [redacted] in the [redacted] quarter.

[redacted] its [redacted] region and Germany, although [redacted] growth rate fell there as well during [redacted].

The [redacted] worse than last year because of the general international business climate as well as the uncertainty due to the Middle East crisis.

The [redacted] a dividend of [redacted] per share, unchanged [redacted].

The [redacted] SKF [redacted] of growth [redacted] culminated in a 62 per cent profits [redacted].

However, it is forcing [redacted] company to adjust [redacted] production capacity to market needs in roller bearing and [redacted] production across [redacted] plants worldwide.

"The restructuring of our product areas [redacted] took place [redacted] year has put us in better shape to take the right [redacted] now", [redacted] Mr Sahlin.

The company has improved productivity through reform of the manufacturing system which has shortened the flow lead times and cut the size of inventories.

It has also become "more customer oriented," say Mr Sahlin through a major reorganisation which has switched the focus from geographical to [redacted] areas that report directly [redacted] a slimmer head office in [redacted]. "We get signals much faster from our customers now", he says and claims that SKF is more sensitive to sudden shifts in the market.

Akzo reduces its dividend after reporting 30% fall

By Ronald van de Krol in Amsterdam

AKZO, *the Dutch chemicals* and fibres group, yesterday reported a 30 per cent decline in 1990 profits and a cut in its dividend.

This is the first time since 1982 the company [illegible] reduced its payout. [illegible] profit fell to *Fl 663m ($385m) from Fl 954m* in 1989. If extraordinary items are excluded in both years, net profit was down 22 per cent at Fl [illegible]. Akzo's dividend is to be cut to Fl 6.50 from Fl 8.00 in 1989.

Both the decline in earnings *and the lowering of* the dividend had been expected, and [illegible] shares [illegible] Fl 1.30 higher at Fl 91.30 after recovering from initial weakness.

Mr Aarnout Loudon, Akzo's chairman, described the results as disappointing, saying they *had been caused not only* by external factors such as the dollar and the Gulf crisis but also by internal difficulties in integrating recent acquisitions.

Akzo *said it was difficult* to predict full-year 1991 results but results in the first quarter *will probably be lower than* in the same quarter last year.

Restructuring could lead to the loss of more than 2,000 jobs during 1991. At the end of 1990, Akzo had a workforce of 69,800, [illegible] 1,100 from the [illegible].

Sales in 1990 fell by [illegible] *per* cent to Fl 17.2bn, while group operating profit was down 26 per cent [illegible] Fl 1.26bn. [illegible] than half of the Fl 291m *decline in net results* reflected difficulties [illegible] Brazil, [illegible] Germany, and in Spain.

Lasmo lifts net income 37%

By Deborah Hargreaves in London

LASMO, the independent [illegible] exploration and production *company*, [illegible] per [illegible] jump in [illegible] income last year to [illegible] from £60m in 1989 [illegible] a strong oil price.

The company boosted oil output by 20 per cent during the year to 86,100 barrels [illegible] day *(b/d) to take advantage of high* oil prices which rose to $40 a barrel after Iraq's invasion of Kuwait.

[illegible] price for its oil of £12.32 [illegible] barrel [illegible] year compared with £10.76 [illegible] barrel in [illegible].

[illegible] *the current strength of* sterling against the dollar, Lasmo needs an oil price [illegible] $15 [illegible] barrel *to make a* profit from North [illegible] operations. [illegible] price, the company would not make a loss, but it would not make much [illegible] profit either.

Mr Chris Greentree, chief executive, said he expected the price of oil to stabilise at around $20 a barrel this year if the Organisation of Petroleum Exporting Countries managed to cut output.

Last year, Lasmo increased its capital expenditure by 78 per cent to £253m as part *of a plan* to double production by 1994.

The company has earmarked [illegible] further [illegible] development [illegible] £150m *towards exploration in a bid to* [illegible] UK output [illegible] 100,000 b/d by 1995.

In addition, the company has intensified [illegible] to diversify [illegible] in Indonesia, Canada, the US, Libya and Syria.

[illegible] *currently produces* 43,000 b/d from the North Sea [illegible] over [illegible] b/d from [illegible] facilities in Indonesia.

[illegible] is due to become Canada's first offshore oil producer late next [illegible] production starts off Nova Scotia.

Last year, the company saw cash flow from operations rise almost 60 per cent to £234m from £147m in 1989. The board recommended an increase in the final dividend to 8.5p from 7.5p in 1989.

The company expects its crude oil output to rise to [illegible] b/d [illegible] and it [illegible] looking to drill 160 exploration wells *and 100 development* wells worldwide.

Lex, Page 16

Philips to abandon official name

PHILIPS of the Netherlands is to simplify its legal structure and change its name [illegible] Philips Electronics, thereby doing away with [illegible] of Philips Gloeilampenfabrieken, writes Ronald van de Krol.

The changes, due to be put [illegible] the annual shareholders' meeting on May 2, are designed to give slightly more power to [illegible]. They also, in effect, put an end to [illegible] of the *company's three* [illegible] devices, though Philips still remains well protected against *a hostile bid*.

WestLB operating profit declines 15% to DM850m

By David Marsh in Bonn

WESTDEUTSCHE Landesbank, the large public sector German bank, said that group operating profit last year declined by 15 per cent to DM850m ($67[illegible]), compared with 1989.

Mr Friedel Neuber, chief executive, [illegible] the rise in interest rates and spending [illegible] European expansion [illegible] into [illegible]. Another reason for the fall was the deterioration of [illegible] stock market climate caused [illegible] the *Gulf* crisis. The bank made substantial write-[illegible] on [illegible] holdings.

WestLB also further increased its provisions for country risks and has [illegible] group-wide contingency [illegible] 70 per cent. [illegible] group [illegible] last year grew 12.4 per cent to DM201.5bn.

WestLB's new European branch network, [illegible] as WestLB (Europa) [illegible] an "encouraging" contri[illegible] of DM54m to the group result.

Michelin to end joint venture in South Korea

MICHELIN, the world's largest tyre maker, will next month end [illegible] joint production venture *in South* [illegible], [illegible] of "profound differences of opinion" with its 50 per cent partner there, write William Dawkins in Paris [illegible] John Ridding in Seoul.

The 3.5m tyres per year operation at Yangsan, about 250 miles *from* Seoul, was Michelin's first joint venture when the deal was signed in [illegible] Poong, the country's third largest tyre maker.

The Korean partner met financial difficulties and was *taken over by Woosung, a* [illegible] conglomerate which did not share Michelin's desire to protect the high quality image of its tyres, said a spokesman for the French company.

Korean import duties have *fallen sharply in recent years* and the economic slowdown has left Michelin with spare capacity [illegible] Europe. This [illegible] imports [illegible] more [illegible] man[illegible].

Michelin will receive no payment for its 50 per cent stake in the company, said an official.

The decision comes against a background of a 26 per cent fall in foreign investment in Korea last year.

French insurer in German deal

ASSURANCES Générales de *France (AGF), the internationally* ambitious French state-owned insurance company, *has confirmed* that it had bought a small minority stake in Aachener & Muenchener [illegible], Germany's second largest insurer, writes William Dawkins in [illegible].

The French group acquired less than 10 per cent of AMB's shares before the Gulf war [illegible] out in mid-January, [illegible] part of its *policy of taking positions in insurance markets* [illegible], said an AGF *spokesman*. AGF *supported* AMB's existing management and had informed it of the *move in advance*.

Debt swapped for stake in the future

David Lascelles on UK banks taking equity in troubled companies

As the financial problems of corporate Britain pile up, UK bankers are being forced to contemplate new ways of dealing with them.

One possibility is to exchange a loan to a problem company [illegible] a direct investment – a debt-for-equity swap. There has been a growing number of examples of this recently. NatWest swapped £1.5m of loans to Halls Homes & Gardens into preference shares; Bank of Scotland is taking equity warrants as part of a £34m ($65m) refinancing for the L&M property company; and Midland Bank will swap £1.5m of loans in Acsis, a design and media company, into ordinary shares.

But bankers say that they embark on these kinds of deals with reluctance. And they stress that they do not amount to a trend which will result in banks becoming owners of industry.

Sir John Quinton, chairman of Barclays Bank, said in an interview with the FT last week: "There are superficial attractions, but in the end it is not so practical. I am not keen to see companies being handed over to the banks.

"We do it occasionally, but we find it's not popular with our customers. If we think it can help, we'll do it, but on the basis that we sell out eventually. We are *not* in the business of getting into German-style ownership of industry."

The attraction of a debt-for-equity swap is that it provides bankers with an alternative to calling in the receivers. It also [illegible] the relationship between the bank and its client, and provides added comfort to the troubled company's suppliers and creditors which could make all the difference between survival and collapse.

But against that, bankers are wary of letting themselves in for transactions which draw them too close to their customers and compromise their essential role as suppliers of credit. They have neither the resources nor the expertise to get involved as owners of a company. And, under the UK's new bankruptcy laws, they risk being defined as "shadow directors" of a company if their financial influence becomes too great. In that case, they would bear a legal responsibility for the company in the same way as regular directors.

When a bank takes a controlling stake in a company it might also find its capital ratios under pressure. The Bank of England would deduct the value of the bank's investment from its own capital because the funds would have become part of the company's resources. The bank would then have to replace the capital in its own balance sheet or shrink its assets.

All this helps explains the coolness of bankers to the debt/equity idea. "Equity conversion must be part of an overall financial package, not an end in itself," says a senior executive at NatWest. "We'd be willing to do more of it, but not to become like German banks."

The constant reference to German practice points to another strong reservation among UK bankers: they see their own banking traditions differing sharply from the German, where banks customarily own large stakes in their customers, and are represented on their boards. British banks view themselves as lenders, not investors, and they have not acquired the skills which ownership requires. Even though the German model has plainly been very successful, it is not thought to be suitable for the very different UK environment where investment funds are provided through the stock market. Even so, in the case of Halls Homes & Gardens, the willingness of NatWest to become a direct investor was clearly decisive in securing the company's future.

Mr Clive Gregory, its chairman and chief executive, says the idea for a debt conversion came from the existing shareholders rather than the bank and was welcomed by the company. "It got us over the financial hump," he said.

Halls already had a close relationship with NatWest because it was created out of a management buy-out in the early 1980s arranged by County, NatWest's merchant banking arm. So both sides knew each other well.

Mr Gregory dismisses, however, the idea that he now has NatWest breathing down his neck. He believes the bank took a much closer interest in his company when it was perilously close to collapse, rather than now, when its gearing is much reduced and falling.

The Bank of England does not object to banks taking on equity, provided it is seen as a temporary arrangement or a necessary part of a wider refinancing package.

But it shares the view that the financing systems of the UK and Germany are too distinct for banks to become owners of a large slice of *corporate* Britain.

There is always a fear in the back of bankers' minds that agreement to convert the debt of one company into equity will set off an avalanche of demands from other hard-pressed customers. This explains why they are deliberately vague about the criteria they use to decide whether to take on a conversion.

In one of the largest deals currently under negotiation – Lloyds Bank's proposed conversion of £50m of International Leisure Group's debt – the bank will only say that it recognises that the company has a balance sheet problem, not just a liquidity problem.

But generally bankers say they have to be convinced the the company is fundamentally a sound business, with good management and prospects, and that there really is no alternative to conversion. "It really has to be the last-ditch *alternative*," said one of them.

Metsä-Serla falls into the red with loss of FM41m

By Enrique Tessieri in [illegible]

METSA-Serla, one of Finland's largest forest groups, fell into the red during 1990 with losses before appropriations [illegible] taxes [illegible] FM41m ($11.3m), against a profit of FM566m the *previous* year.

Net [illegible] to [illegible] from [illegible] consolidated operating margin dropped to FM1.06bn from FM1.61bn. Earnings [illegible] plummeted to a loss of FM0.80 from a profit of FM28.55.

Metsä-Serla blamed its pre-tax result on the global downturn of the forest industry, which has created overcapacity and depressed prices of all forest products grades. *Mr* Timo Poranen, president, also blamed high Finnish production costs as well as the high [illegible] group's poor result.

Metsä-Serla [illegible] pleased with its paper and paperboard operations as well as corrugated board and tissue [illegible] operations, which [illegible] their sales increase by around 13 per cent to FM3.2bn and FM2.77bn respectively. However, pulp and mechanical forest products reported a drop in sales and profitability.

Investments during 1990 amounted to FM3.8bn.

Woolworth expects to beat target for growth

WOOLWORTH, the US retailer, said yesterday economic problems in the US, Canada and Australia, [illegible] created by *the Gulf war, will* continue to adversely [illegible] results until the middle of the [illegible] reports.

But an economic recovery, expected to start in the second [illegible], should [illegible] the company to [illegible] target profit growth of 13 per cent to 15 [illegible] cent for the full year.

Woolworth's fourth-quarter net fell to $149m or $1.15 per share from $175m or $1.37 per share a year before.

Revenues rose to $3.1bn from [illegible]. Earnings for the year ended January 26 were $317m or $2.45 per share, down from $329m or $2.56 a share a year earlier.

Sales advanced to $9.79bn from $8.82bn.

● **Bolar Pharmaceutical**, the US generic drugs company, has agreed to plead guilty to a 20-count criminal information proceeding filed last month by the US District Attorney for the District of Maryland, Reuter reports.

Bolar said it agreed to pay a $500,000 fine on each of the counts as well as about $250,000 of the costs of a government investigation.

INTERNATIONAL COMPANIES AND FINANCE

US insurer turns in fourth quarter loss of $610m

By Patrick Harverson in New York

USF&G, the troubled composite insurance [redacted], yesterday announced a net [redacted]610m fourth-quarter [redacted] alongside a sweeping [redacted] [redacted]uring programme, including one-off charges against earnings, a dividend [redacted] and the withdrawal from non-core business.

The loss, worth [redacted] a share, compares with a profit of $104m at the same [redacted] in [redacted]. [redacted] for the full year of [redacted] were $569m, or [redacted] a share, against profit of $119m, or $1.24 a share, in 1989.

The Baltimore-based casualty/property and life insurance [redacted], the 13th largest in the US, said it [redacted] liquidating a substantial portion of its equity and junk bond holdings, at a cost of $218m.

The group is also writing off losses [redacted] real estate, equity [redacted] and junk bonds, at a [redacted] of $137m.

The quarterly dividend is being cut from 25 [redacted] a share to 5 cents, and the group is withdrawing from its [redacted] travel services and other non-core businesses.

Other measures [redacted] by USF&G to improve its financial position have included the [redacted] of 900 jobs, a salary [redacted], and a $29m reduction in advertising and promotional expenditure.

The group hopes to sell [redacted] $750m of its equity holdings by the end of March, and has warned that further significant cuts in staffing levels will be required.

Mr Norman Blake, the chairman and chief executive of USF&G, said the group would concentrate on its traditional [redacted] of insurance and investment [redacted].

Mr Blake took over [redacted] last year with a remit to transform a group struggling under the weight of heavy claims on core [redacted] lines and poorly-performing investments in junk bonds and commercial real estate.

"The actions we have taken and those contemplated [redacted] essential for USF&G to [redacted] its underwriting opportunities, build its investment management businesses and generate attractive value for shareholders," said Mr Blake.

The fourth-quarter [redacted] incurred [redacted] consolidated revenue of $1.2bn. Revenue for the full year totalled $4.5bn. Both figures were slightly below comparable [redacted] revenues.

Among [redacted] businesses, property/casualty insurance [redacted] in the quarter, and [redacted] for the year, while life insurance operations lost $41m in the quarter, [redacted] for the year.

The investment [redacted] unit reported a [redacted] for the [redacted] three months of [redacted], and a [redacted] for the [redacted] 12 months. All [redacted] businesses [redacted] by portfolio repositioning and restructuring costs, [redacted] the company.

Ericsson takes stake in Schrack

By Robert Taylor in Stockholm

ERICSSON, the Swedish telecommunication group in alliance with [redacted] Austrian banks, [redacted] become the largest shareholder [redacted] Schrack Elektronik, [redacted] Austrian telephone company.

Ericsson will buy [redacted] per [redacted] of [redacted] while [redacted] banks, with Creditanstalt-Bankverein in the lead, will purchase [redacted] per cent [redacted] between them.

The value of the deal [redacted] not revealed. Schrack [redacted] annual [redacted] of [redacted] and employs 1,900 people making public telephone exchanges for Austrian Telecom. It has [redacted] private telephone systems in the country.

Ties [redacted] Ericsson [redacted] go back [redacted] when the Austrian company first started selling Ericsson's private branch exchanges (PBXs). In [redacted] started [redacted] of MD110, Ericsson's [redacted] PBX.

Mr Olav Hamstad, Ericsson's [redacted] co-ordination, [redacted] the largest [redacted] to develop its [redacted] in Hungary and Czechoslovakia. "We [redacted] future [redacted] opportunities in eastern Europe," [redacted].

Feldmühle Nobel slips 3% to DM530m

By John Burton in [redacted]

STORA, Europe's largest pulp [redacted] paper concern, [redacted] yesterday that Feldmühle Nobel (FeNo), the German forestry and engineering subsidiary it acquired last year, suffered a 3 per [redacted] drop in profits after financial items to DM530m [redacted] for 1990.

[redacted] rose by 5 [redacted] cent to [redacted]. Profits [redacted] the Feldmühle forestry unit fell by [redacted] due to DM60m costs associated the start-up of a lightweight coated paper machine in France.

In addition, capital gains for Feldmühle decreased by DM50m last year.

Profits improved for other FeNo units, which [redacted] plans to sell. [redacted] subsidiary, [redacted] beating equipment and [redacted] fittings, increased 47 per [redacted] to DM112m. Dynamit Nobel, which produces explosives and moulded plastic products, reported a profit rise of 11 per cent to DM89m.

Capital gains of DM178m for the sale of FeNo's hygienic paper unit were [redacted] from FeNo's results, but will be included in [redacted] consolidated report.

Genentech, SmithKline in heart drug battle

By Louise Kehoe in [redacted] Francisco

GENENTECH, the US biotechnology [redacted], has [redacted] a suit against SmithKline Beecham, charging that the Anglo-American pharmaceuticals company is falsely advertising the merits of its heart-attack drug, Eminase, in comparison with [redacted] competing drug, [redacted].

The [redacted] comes shortly [redacted] of a study [redacted] (Third International Study of Infarct Survival) on [redacted] drugs. The study compares the survival rate of 30,000 heart attack patients treated with three competing drugs.

Genentech's Activase, a genetically engineered form of TPA, was not included in the [redacted] study, but another form of TPA produced by Wellcome of the UK was compared with SmithKline Beecham's [redacted] as well as with streptokinase, a much cheaper conventional drug produced by [redacted] of Germany and Kabi Pharmacia of Sweden.

In its complaint, [redacted] that SmithKline's advertisements [redacted] medical journals [redacted] on television contain [redacted] representations that are [redacted] cardiologists [redacted] believing that the [redacted] of the [redacted] study will provide a comparison [redacted] Activase and [redacted].

[redacted] Genentech's largest revenue generator. The company has been criticised for the high price of [redacted]. If the results of ISIS-3 are interpreted to [redacted] Activase is no more effective than cheaper drugs, Genentech stands to lose its dominant [redacted] per cent share of the US heart attack drug market.

Genentech is seeking an injunction to force SmithKline to [redacted] its advertising campaign. A preliminary hearing [redacted] scheduled for Thursday. [redacted] said the suit "appears to be aimed at inhibiting the free and open exchange of scientific information."

The ISIS-3 study was financed by Beecham and [redacted].

Klöckner-Werke annual earnings fall to DM290m

By David Marsh in Bonn

KLOCKNER-Werke, the German steel and engineering company, is planning to pay a dividend for the [redacted] year after resuming [redacted] for the first time since 1974-75 with a DM5 dividend for [redacted].

But indicating a partial [redacted] back to hopes of a [redacted] recovery [redacted] persistent problems over the past decade, last year's operating profits fell to DM290m ($190.8m) from DM325m in 1988/89.

The [redacted] earnings [redacted] up [redacted] problems left [redacted] the 1970s [redacted] the bankruptcy of [redacted] works in [redacted].

In a [redacted] on details, Klöckner-Werke [redacted] group [redacted] "high" with the exception of [redacted] with [redacted] Europe. Steel earnings were firming after a sharp [redacted] in the [redacted] quarter last year, while [redacted] and plastics [redacted].

Klöckner-Werke said it would [redacted] able to add to [redacted] on [redacted] for [redacted].

Commenting on last year's results, it indicated flat earnings in steel and [redacted] engineering activities [redacted] match the [redacted] performance of the previous year [redacted] of the collapse in [redacted] in [redacted] Europe. Activities in plastics however lived [redacted] the previous year's [redacted].

[redacted] Babcock-Borsig, a [redacted] of engineering group Deutsche Babcock, forecast higher earnings in 1990/91, [redacted] reports.

Mr Joerg Schrill, management [redacted] chairman, said [redacted] expected to [redacted] the group's operating profit in the year ending September 30, from [redacted] the [redacted] year.

Borsig's [redacted] is expected to [redacted] to DM1.4bn in 1990/91 [redacted] DM1.2bn, [redacted] said.

Deutsche [redacted] it expects operating profit of between [redacted] DM30m in 1990/91, after a [redacted] of [redacted] in [redacted].

Canadian banks hit by loan provisions

By Robert [redacted] in Montreal

[redacted] OF Canada's big chartered banks [redacted] reported slightly lower earnings [redacted] first quarter of [redacted] 1991, [redacted] mainly to higher loan [redacted] and heavy [redacted] in technology and branch systems.

[redacted] of Montreal's [redacted] profit for [redacted] three months [redacted] January [redacted] was [redacted] (US$121m), or C$1.10 a share, against C$141m, or C$1.15 a year earlier. Assets [redacted] C$91bn, up [redacted] a year [redacted].

Loan losses [redacted] 1991 [redacted] be [redacted] C$270m, against C$169m [redacted] year. Non-performing loans [redacted] January [redacted] were C$1.03bn, up C$105m. Non-interest expense was up [redacted] per cent in the quarter due to heavy investment in the [redacted] network.

Harris Bankcorp in the [redacted] earned C$26m, against [redacted] and Nesbitt Thomson, the investment dealer subsidiary, [redacted] earnings [redacted] C$2.6m against C$1.4m.

The bank has [redacted] capital [redacted] private placement [redacted] of 10¼ [redacted] 10-year debentures.

[redacted] first-quarter earnings [redacted] C$140.2m, [redacted] a share, [redacted] from C$148m, or 71 [redacted] earlier. Non-performing loans [redacted] January 31 [redacted] C$1.3bn, up C$168m, and loan losses for all fiscal 1991 will be about [redacted] against [redacted] year.

Non-interest expense [redacted] up because of heavy investment in technology. The bank's loans outstanding [redacted] Venezuela and Mexico have been upgraded.

Kinburn computer unit forecasts return to profit

By Robert Gibbens

[redacted] SYSTEMHOUSE, key computer integration and distribution arm of the [redacted] Group, will return to the [redacted] in the six months ending today, Mr Roderick Bryden, the retiring chairman, said.

[redacted] profit would [redacted] about [redacted] (US$5.64m), or 17 cents a share, [redacted] of [redacted]. [redacted] with an [redacted] of [redacted], [redacted] 85 [redacted] a share, [redacted] revenues [redacted] a [redacted] earlier.

[redacted] are [redacted], up 16 [redacted] cent from last year.

The Kinburn high-tech group, caught by [redacted] rates, recession and overly [redacted], [redacted] on more than [redacted] in [redacted] April.

Creditors [redacted] a banking group led by Royal Bank of Canada and BCE, [redacted] holding company [redacted] Bell [redacted] and Northern Telecom. [redacted] 12.4 [redacted] cent [redacted] Systemhouse and has written [redacted] in Kinburn loans.

[redacted] Bryden [redacted] may well [redacted] up with control of Systemhouse. Both Systemhouse [redacted] and another Kinburn subsidiary, Paperboard Industries, urgently need strong [redacted] owners.

Mr Bryden [redacted] control of the Kinburn Group when the [redacted] and BCE set [redacted] restructuring [redacted].

CONTRACTS & TENDERS

REQUEST FOR EXPRESSIONS OF INTEREST FOR A PRIVATE SECTOR POWER GENERATION PROJECT, BASED ON IMPORTED COAL, LOCATED IN THE LASBELA DISTRICT OF BALOCHISTAN, PAKISTAN

1. The Ministry of Water and Power (Ministry) intends to invite Expressions of Interest (EOI) from international private sector consortia [redacted] members have the experience and qualifications [redacted] design, [redacted], insure, construct, own,operate and maintain a Private Sector Power Generation Project, based on imported coal, [redacted] be located in the vicinity [redacted] Island, (Lasbela [redacted] of Balochistan[redacted] near Karachi for [redacted] power to [redacted] Development Authority (WAPDA) under BOO [redacted] BOOT concept. Pakistani entrepreneurs are al[redacted] invited to participate in the project.
2. The scope of the power generation project (PROJECT) will include:
   a) Arrangement of the supply of high quality and competitively pr[redacted] coal for the duration of the ownership and operation of the PROJECT.
   b) Design and [redacted] of all [redacted] required [redacted] and [redacted] convey coal [redacted] onshore storage.
   c) Design [redacted] of all [redacted] facilities including power block; coal storage and reclaim; ash collection, removal [redacted] disposal; cooling water supply [redacted] discharge; desalination plant; substation; and housing colony.
   d) Insuring, financing, owning, operating and maintaining [redacted] PROJECT for a period of 30 years or longer to be agreed with [redacted].
3. The power block will comprise [redacted]ng units [redacted] the size range [redacted] 400 MW to 600 MW and EOI may b[redacted]ted for a PROJECT capacity of 1200 MW in [redacted] phase with a potential for later expansion upto 3600 MW.
4. Upto 30% [redacted] the pro[redacted] could [redacted] available by [redacted] Development Finance Corporation (NDFC) out of the Private Sector Energy [redacted] Fund [redacted]SEDF) set up by the Government of Pakistan under the aegis of the [redacted] Bank. The remaining loans and the equity will be raised by the consortium. PSEDF has contributions from IBRD, USAID, Japan Ex-Im Bank, ODA [redacted] donors and NDFC provides loans [redacted] approved private sector energy projects to [redacted] project financing.
5. A feasibility study [redacted] the PROJECT has recently [redacted] completed by [redacted] through Canadian consultants funded by [redacted] Bank [redacted] selected [redacted] from the study will be contained within the request [redacted] EOI [redacted].
6. EOI will be [redacted] by the MINISTRY and a Request for [redacted] (RFP) for the B[redacted] PROJECT will be issued only to those consortia which are shortlisted as a result of the EOI evaluation process. A charge will be made for the RFP [redacted] detailed feasibility study documents accompanying the RFP.
7. Procedures governing evalu[redacted] firm proposals, negotiations on the [redacted] of a Letter of Intent (LOI) [redacted] first ranked consortium, performance of all activities leading [redacted] proposal [redacted] and signing [redacted] Implementation Agreement, Power Purchase Agreement and [redacted] documents, will [redacted] generall[redacted] in accordance with the procedures outlined in the document prepared by the MINISTRY and titled "Investment Opportunities in Private Sector Power Generation Projects in Pakistan", which will form a part of documents requesting EOI. The LOI is a legal document meant to assist the selected Consortium in entering into contracts with suppliers and [redacted] in concluding financing arrangements with lende[redacted] and in obtaining various [redacted] and approvals regarding the project.
8. A compl[redacted] set [redacted] documents requesting EOI for the above described PROJECT may be obtained [redacted] any interested party/parties on submission of an app[redacted]ation, written in the English language, and on payment of a non-refundable fee of Rs 45,000 or 2,000 U. S.dollars per set through a bank draft payable to D.G. Private Power Cell, Ministry of Water & Power. Documents may be collected in Islamabad from the office [redacted] D.G. Private Power Cell by the applicants, or their authorized agents from March 1, [redacted] up to March 31[redacted]. If requested, the documents can be ma[redacted] provided bank [redacted] are received with applications.
[redacted] EOI must be received by the Director General, Private Power Cell on or [redacted] noon, Pakistan Time on June 1, 1991. EOI received after the closing time will remain unopened and will be returned.
10. Any information relating [redacted] EOI may be obtained from the undersign[redacted]

G. M. Ilias, Director General
Private Power Cell, Ministry of Water & Power
Plaza 30 West, 1st Floor, Blue [redacted], Islamabad, Pakistan
Tele: 818738 Fax: (051) 823210 Telex: 5851 POWER PK.

LEGAL NOTICE

YARDMYTH LIMITED

Registered number: 1914073
Nature of business: Property Holding Company
Trade classification: 46
Date of appointment of joint administrative receivers: 19 February 1991
Name of person appointing the joint administrative receivers: Mercantile Credit Company Limited
JOHN FREDERICK POWELL and IAN NAPIER CARRUTHERS
Joint Administrative Receivers
(Office holder nos 248 and 914)
Cork Gully
43 Temple Row
Birmingham B2 5JT

COMPANY NOTICE

CLAL FINANCE N.V.
US $20 MILLION GUARANTEED FLOATING RATE NOTES 1994
[illegible]
BANK LEUMI (UK) PLC
Principal Paying Agent
bank leumi בנק לאומי

The Republic of Panama
U.S. $70,000,000
Floating Rate Serial Notes due 1990
For the period
[redacted] February, [redacted] to [redacted] August, [redacted]
In accordance with the provisions of the Notes, notice [redacted] hereby given that the [redacted] of [redacted] has been fixed [redacted] 7.875 [redacted] cent. per annum, and that the [redacted] accrued [redacted] the outstanding unpaid principal [redacted] August, 1991 will [redacted] U.S. $120.09.
The Industrial Bank of Japan, Limited
Agent Bank

Clydesdale Bank

BASE RATE

Clydesdale Bank PLC announces that with effect from 27th February 1991 its Base Rate for lending is being reduced from 13.5% to 13% per annum.

CONTRACTS & TENDERS

RICE EXPORT CORPORATION OF PAKISTAN (PVT) LTD.
(EXPORT DIVISION)
FINANCE & [redacted] CENTRE, 4TH [redacted]
BLOCK-A, SHAHRA-E-FAISAL, KARACHI
TENDER NOTICE [redacted]
DATED: [redacted]
[redacted] OF [redacted]

Tenders on prescribed forms are invited for export of following quantities of rice on usual terms and [redacted]:

[redacted] PAKISTAN LONG GRAIN IRRI-6 SINDH WHITE 15-20% BROKENS RICE OF 1990-91 CROP. 20,000 Tonnes
2) PAKISTAN LONG GRAIN IRRI-6 SINDH WHITE 15-20% BROKENS RICE OF 1990-91 CROP. 15,000 "
3) PAKISTAN LONG GRAIN IRRI-6 SINDH WHITE 15-20% BROKENS RICE OF 1990-91 CROP. 10,000 "
4) PAKISTAN LONG GRAIN IRRI-6 SINDH WHITE 15-20% BROKENS RICE OF 1990-91 CROP. 5,000 "

2. Tenders will be [redacted] in the Office of the Corporation up to 11.00 A.M. TUESDAY [redacted] 12TH March 1991, and will be opened immediately thereafter. One representative of each tenderer may be present at the time of opening of [redacted]

3. Tender forms can be obtained from the Commercial Counsellors of the Pakistan Embassies/Missions on payment of cost equivalent of Pak Rs. 100/- per tender form. Conditional tenders and tenders for part quantities will not be considered. RECP reserves the right to accept or reject any or all tenders without assigning any reason.

Manager (Exports)
Tlx No. 23706 - RECP PK.
[redacted] 517882

PUBLIC WORKS LOAN BOARD RATES

Effective February 27

Years	Quota loans repaid by EPY†	At†	at maturity§	Non-quota loans B* repaid by EPY†	At†	at maturity§
-1			11¾			12½
Over 1 up to 2	11½	11½	11	12½	12½	11¾
Over 2 up to 3	11¼	11⅛	10⅞	12¼	[redacted]⅛	11½
Over [redacted] up to 4	10⅞	[redacted]⅞	10⅝	11⅞	11⅞	11⅜
Over [redacted] up to 5	10¾	10¾	10¾	11¾	11⅝	11½
Over [redacted] up to 6	10¾	10⅝	10¾	11¼	11⅛	11¼
Over 6 up to 7	10⅝	10⅝	10⅞	11⅛	11⅛	11⅜
Over 7 up to 8	10⅝	10¾	11	11⅛	11¼	11½
Over 8 up to 9	10¾	[redacted]	11	11¼	11¼	11½
Over 9 up to 10	10¾	10⅞	11⅛	11¼	11⅜	11⅝
Over 10 up to 15	11	11⅛	11	11½	11⅝	11½
Over 15 up to 25	11⅛	11	10⅞	11⅝	11½	11⅜
Over 25	10⅞	10⅞	10⅞	11⅜	11⅜	11⅜

*Non-quota loans B are 1 per cent higher in each case than non-quota [redacted]. †Equal instalments [redacted] principal. †† Repayment by half-yearly annuity [redacted] equal half-yearly [redacted] to include principal and interest). § With half-yearly [redacted] only.

[redacted]
[redacted] Daiwa Bank, Limited
U.S.$100,000,000
3¼% Convertible Bonds 1995
(the "Bonds")
Notice [redacted] hereby given pursuant to Clause 7 of the Trust Deed dated 20th January, [redacted] relating [redacted] the Bonds [redacted] Condition 1? of the Bonds. [redacted] February, 1991, the [redacted] of Directors of The Daiwa Bank, Limited resolved to [redacted] a free [redacted] of its [redacted] of [redacted] its [redacted] record on 31st March, [redacted], at the rate of 0.05 shares for each one share held.
Accordingly, the conversion price [redacted] the [redacted] will be adjusted as follows:
Conversion Price before such adjustment: ¥1,628 per share of common stock
Conversion Price after such adjustment: ¥1,550.50 per share of common stock
Effective date: 1st April, 1991 (Japan [redacted])
The [redacted] Bank, Limited
[redacted] 28th February, [redacted]

GENEVA SWITZERLAND
Full Service is our Business
International law and taxes.
Mailbox, telephone, telex and telecopier services
Translation and secretarial services.
Formation, domiciliation and administration of Swiss and Foreign companies.
Full confidence and discretion assured.
BUSINESS ADVISORY SERVICES S.A.
7 Rue Muzy, [redacted]
Tel:736 05 [redacted] Tx: [redacted]
Fax:413 [redacted]

CLUBS

EVE has outlived others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows 189 Regent St., London W1 071-734 0557

U.S. $600,000,000
Lloyds Bank Plc
(Incorporated in England with [redacted] liability)
Primary Capital Undated Floating Rate Notes (Series 3)
For the six months, February 28, 1991 to August 30, 1991 [redacted] Notes will carry an [redacted] rate of 6.9375% p.a. [redacted] Coupon Amount of U.S. $352.66 [redacted]able on August 30, 1991.
By The Chase Manhattan Bank, N.A.
London, Agent Bank

U.S. $200,000,000
Bergen Bank A/S
Perpetual Floating Rate Notes
(with the right to subordinate)
In accordance with the provisions of the Notes, notice is hereby given that for the six months Interest Period from February 28, 1991 to August 30, 1991, the Notes will carry an Interest Rate of 6[illegible]%. The interest payable on the [redacted] payment date, August 30, [redacted] will be U.S. $[redacted]66 per [redacted] $10,000 principal [redacted] of [redacted]
By: The Chase Manhattan Bank, N.A.
London, Agent Bank
February 28, 1991
CHASE

CITICORP
U.S. $500,000,000
Subordinated Floating Rate [redacted]
Due May 29, [redacted]
Notice is hereby given that the Rate of Interest has been fixed at 7% and that the interest payable on the relevant Interest Payment Date May 31, 1991 against Coupon No. [redacted] in respect of US$10,000 nominal of the Notes will be US$178.89 and in respect [redacted] nominal [redacted] will [redacted] US$4,472.22.
February 28, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank
CITIBANK

CITICORP
U.S. $500,000,000
Subordinated Floating Rate [redacted]
Due October 25, 2005
Notice [redacted] hereby given that the Rate of Interest has been fixed at 6.6625% and that the interest payable on the relevant Interest Payment Date March 28, 1991 against Coupon No. 65 [redacted] respect of US$10,000 nominal of the Notes will be US$51.82.
February 28, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent [redacted]
CITIBANK

The Chase Manhattan Corporation
U.S. $175,000,000
Floating Rate Subordinated Notes due 1997
Notice is hereby given that the Rate of Interest has been fixed at 7.125% and that the [redacted]st payable [redacted] relevant [redacted] Payment Date May 31, 1991 against Coupon No. 22 in respect of US$10,000 nominal of the Notes will be US[redacted]
February 28, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank
CITIBANK

Dresdner Finance B.V.
[redacted]
U.S.$ [redacted]
Floating [redacted] Notes 1984/1992
with [redacted]
The Rate of Interest applicable to the Interest Period [redacted] February 28, 1991 to August 27, 1991, inclusively, was determined by Morgan Guaranty Trust Company of New York, London, as Reference Agent to be 6⅞ per cent per annum. Therefore, Interest per Note of U.S.$ 10,000 principal amount is due on August [redacted] relevant Interest Payment Date, in the amount of U.S.$ 346.88.
Frankfurt am Main, in August 1990
Dresdner Bank
[redacted] Paying [redacted]
Dresdner Bank Group

PUTNAM HIGH INCOME GNMA FUND
SICAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg [redacted] B 22041

Notice of Meeting

Messrs Shareholders are hereby convened to attend the Annual General Meeting which will [redacted] held [redacted] March 13, 1991 at 11.00 a.m. at the regis[redacted] office, [redacted] following agenda:

Agenda

1. Presentation of the reports of the Board of Directors and of the Aud[redacted].
2. Approval [redacted] profit and loss [redacted] as of November 30, 1990 and the allocation of net profits.
3. Discharge of [redacted] Directors [redacted] the [redacted] period ended November 30, 1990.
4. Action of nomination [redacted] of Directors for [redacted] ensuing year. The Directors [redacted] proposed for election the following:
   As Directors: George Putnam
   Lawrence J. Lasser
   [redacted] J. Wilson
   David H. Walsh
   John R. Verani
   Damien Wigny
5. To recommend to [redacted] Annual General Meeting [redacted] approval of [redacted] declaration of a dividend of U.S. Dollars 0.44 per share. If approved, the dividend will be paid to shareholders of record March 13, 1991, ex-dividend on March 13, 1991, payable on March 28, 1991.
6. Any other business which may be properly brought before the meeting.

The shareholders are advised that no quorum for the items of the agenda is required and that the decisions will be taken at the majority of the shares present or represented [redacted] Meeting. [redacted] share is [redacted] one [redacted]. A shareholder may act at any Meeting by proxy.

By order [redacted] the Board of [redacted]

U.S. $300,000,000
Woodside Financial Services Ltd.
(Incorporated in [redacted] State of Victoria)
Guaranteed Floating Rate Notes due February 1997
Unconditionally Guaranteed [redacted]
The Industrial Bank of Japan, Ltd.
In accordance with the Terms and Conditions of the Notes, notice is hereby given, that for the Interest Period from February 28, 1991 to May 31, 1991 the Notes will carry an Interest Rate of [redacted] per annum. The amount payable on May 31, 1991 will be U.S. [redacted] and U.S. [redacted] respectively [redacted] in [redacted] U.S. [redacted] U.S. $10,000.
By: The Chase Manhattan Bank, N.A.
London, Agent Bank
February 28, [redacted]
CHASE

INTERNATIONAL COMPANIES AND FINANCE

Fay, Richwhite registers NZ$7m after nine months

By Terry Hall in Wellington

FAY, RICHWHITE, the [illegible] Zealand merchant bank, yesterday reported net profits of NZ$6.63m (US$4.1m) [illegible] the nine months to December, against NZ$9.80m for the six months to September 1989.

However the directors said comparisons were inappropriate because of a change in year [illegible] date to June 30 from March 31, and the merger [illegible] Capital Markets, a listed company.

The result showed that Fay, Richwhite's investment in the Bank of New Zealand – reduced to 27 per cent following the latest government cash injection – had cut more than NZ$20m off profit.

The net holding cost of the BNZ investment was NZ$11.65m and extraordinary losses from the sale of BNZ shares as part of the reconstruction were $8.58m.

Because of a change in accounting policy, a NZ$145.9m reduction in the market value of Fay, Richwhite's BNZ shares is not shown in the balance sheet. That loss was based on a BNZ share price of 46 cents, but Fay, Richwhite says that when the interim accounts were prepared on February 20 the BNZ share price was 68 cents which would have resulted in a NZ$63.4m charge on the profit and loss account under the company's previous accounting policy.

Fay, Richwhite's revenue for the nine months was NZ$60.41m compared with NZ$22.64m for the six months to September 1989. No tax was paid in the latest period against NZ$800,000 last time.

Equity earnings added NZ$1.78m compared with NZ$2.63m for a profit before extraordinaries of NZ$15.20m against NZ$12.52m.

Mr Dave Richwhite, joint chief executive, said the merchant banking operation had met its income target projected at the time of the merger.

He said this was a very satisfactory result, generated from merchant banking income of just under NZ$50m.

Shareholders funds at December 31 stood at NZ$198.4m compared with NZ$355.6m, investment liabilities at NZ$309.40m against NZ$175m and total assets were NZ$720.4m compared with NZ$608m.

Haeco buys 29% of Australian engineer

By John Elliott in Hong Kong

HONG KONG Aircraft Engineering Company (Haeco), has bought 29.1 per cent of Asta Aircraft Services (Astaas), an Australian government owned company based in the State of Victoria, for an undisclosed sum.

Haeco, the aircraft maintenance operator controlled by [illegible] Swire Pacific group and its Cathay Pacific Airways subsidiary, has has been looking for an overseas acquisition to help ease capacity constraints at its base on Hong Kong's Kai Tak airport. It has suffered severe staff shortages as its engineers have joined the colony's brain drain, attracted by job prospects and foreign passports in Australia and elsewhere.

Last August Mr Peter Sutch, the chairman, blamed labour shortages and high wage costs for an 8 per cent drop in interim profits which fell to HK$138.1m (US$17.72m) in the first half of last year.

It considered bidding last year for the engineering arm of Dan-Air of the UK and was also looking at possible acquisitions in Canada. The Australian deal will enable it to accommodate its own engineers who want to obtain Australian passports.

Astaas was formed in 1983 and is being privatised as part of a new government policy. It works on Boeing 747 aircraft for carriers such as British Airways, Qantas, and All Nippon Airlines. Its workforce of 350 is expected to more than double as Haeco and Cathay bring in work.

AVI advances despite recession

By Philip Gawith in Johannesburg

ANGLOVAAL Industries (AVI), the industrial arm of Anglovaal, one of [illegible] Africa's leading mining houses, overcame recessionary conditions to record increased earnings in the six months to the end of December.

Turnover rose by [illegible] per cent to R3.66bn ($1.4bn).

[illegible] operating profits were only [illegible] per cent higher at R331m. Attributable profit was 5 per cent up at R103.1m, equivalent to 363 cents per share up from 346 cents.

The directors said adverse economic conditions, particularly high interest rates, restricted consumer spending. Margins were tighter and group returns on both total assets and ordinary shareholders funds were lower.

Profit [illegible], particularly in the [illegible] division of Consol and in National Brands were offset by substantially reduced contributions from Grinaker Holdings and the Aviex textile business. Grinaker, [illegible] activities are in construction and electronics, suffered [illegible] order delays and cuts. Irvin and Johnson, the frozen food business, maintained its contribution to earnings.

The directors observed that although recessionary conditions are expected to continue, earnings for the full [illegible] were anticipated at least to equal [illegible] of [illegible] previous year.

The group made numerous investments during the year which included a conditional agreement whereby National Brands buys the local business of Yardley of London with effect from April 2.

Negotiations are currently in progress which, if successful, will result in the group increasing its effective interest in Grinaker Holdings from 46.5 per cent to 51 per cent. When this transaction is complete AVI plans to transfer its entire Grinaker Holdings equity into direct ownership by AVI, thus allowing the present intermediate holding company, AvGrin Holdings, to be deregistered.

CIL seeks partner for Montana Wines group

By Terry Hall in Wellington

CORPORATE Investments (CIL), the New Zealand holding company, is seeking an international partner for its wholly [illegible] subsidiary [illegible] Wines, the country's [illegible] wine producer.

The company is offering a 40 [illegible] holding, but Mr Peter [illegible], chairman, has declined to say how much was wanted for the stake. He said the sale was not prompted by the need to pay off debt or raise capital, but to seek an international partner to assist with overseas [illegible] and export development over the next decade.

He said that CIL, a listed public company, felt it could not take Montana much further into the New Zealand market.

In the past CIL has formed joint ventures for its main subsidiaries with international companies. This [illegible] one with [illegible] Nelson Pine Forests which operates [illegible] world's largest medium density fibreboard plant.

CS First Boston, the US merchant bank, has been appointed to handle the sale, which was expected to be finalised over the next four to six months.

He said overseas companies had sought a shareholding in the past, but CIL now thought the time was right. CIL wanted an equity partner rather than an agency to sell its products overseas, which are having considerable export successes, including Britain.

Montana is part of CIL's primary products division. In the last financial year it contributed NZ$14.8m of the group's NZ$45.8m in pre-tax earnings and accounted for NZ$159.5m of its NZ$529.5m assets.

Teva Pharmaceutical up by 16% to Shk38.2m net

By Hugh Carnegy in Jerusalem

TEVA Pharmaceutical Industries, the leading Israeli pharmaceutical group, yesterday reported a 16 per cent increase in net profits in [illegible] to Shk38.2m [illegible] on sales up from Shk548.4m to Shk604.5m, thanks in large part to sharply improved performance by its then partially-owned US subsidiary TAG [illegible].

Teva, which is listed on Nasdaq, the US screen-based trading system, announced that it had this week acquired 100 per cent ownership of TAG, purchasing for $34m the 50 per cent stake previously held by the US chemicals company W.R. Grace, also a senior Teva shareholder.

Teva and W.R. Grace jointly founded TAG in 1985.

Mr Eli Hurvitz, Teva's chief executive, said full ownership of TAG was designed to enhance Teva's US marketing and R&D operations.

Like most successful Israeli private sector companies, Teva has increasingly looked overseas to expand.

Last year Teva sales outside Israel accounted for 46 per cent of the group total, mainly in the US and [illegible] Europe where it also has manufacturing plants.

This compared with a 43 per cent share in 1989.

The inflation-adjusted figures, published under Israeli accounting rules, showed overall sales up 10 per cent over 1989, while pre-tax profits rose 18 per cent to Shk50m.

The company, which also counts Mr Robert Maxwell, the British publisher, among its leading shareholders, said sales spurted in the fourth quarter after flat performances in the first three quarters, boosting the profit outturn. Mr Hurvitz said he expected this [illegible] to continue into 1991, adding that so far the chief impact of the Gulf war had been some increase in domestic [illegible].

[illegible] eyecatching, however, was the impact of TAG on a turnround in contributions from subsidiaries which converted a Shk113,000 loss in 1989 into a Shk2.1m profit in [illegible].

Sumitomo Rubber raises pre-tax 8.4% to Y11.8bn

SUMITOMO Rubber Industries, the third-largest [illegible] tyremaker in Japan, yesterday posted an 8.4 per cent increase in unconsolidated pre-tax profits in 1990 to Y11.75bn ($90m), AP-DJ reports from Tokyo.

Net profits grew 22.6 per cent to Y5.54bn.

Earnings per share rose to Y35.40 from Y31.90. The company decided to pay an annual dividend of Y9 per share, up from Y8.

Sales increased to a record high, improving 6.2 per cent to Y244.77bn.

[illegible] three divisions of the company posted record sales levels in the reporting period. Sales in the car tyre division gained 4.1 per cent to Y161.4bn, reflecting car production growth during the year.

Sales of the sporting goods division totalled Y65.4bn, up 8.8 per cent, thanks to strong sales of golf balls and golf clubs. The ocean, industrial and building materials division posted a 16.9 per cent rise to Y18.0bn, supported by demand for items such as artificial grass courts.

Sumitomo Rubber said it was concerned with the continued impact of the Gulf war on its performance in 1991, in higher material costs. The company expected its unconsolidated pre-tax profits would total Y11.0bn in 1991. It forecast net profits of Y5.0bn and sales of Y255.0bn in 1991.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume and retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s).

	Indl. prod.	Mfg. output	Eng. order*	Retail vol.	Retail value*	Unemployed	Vacs.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels), engineering output, metal manufacture, textiles, clothing and footwear (1985=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textiles etc.	Housing starts*
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance (£m); current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade*	Reserves US$bn*
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL- Money supply M0, M2 and M4 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; Clearing Bank base rate (end period).

	M0 %	M2 %	M4 %	Bank lending £m	BS inflow £m	Consumer credit* £m	Base rate %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INFLATION- Indices of earnings (1985=100); basic materials and fuels, wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 18th 1931=100); trade weighted value of sterling (1985=100).

	Earnings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuter*	Sterling*
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Not seasonally adjusted.

INTERNATIONAL CAPITAL MARKETS

Treasuries falter as hopes for a Fed rate cut fade

By Patrick Harverson in New York and Tracy Corrigan in London

[illegible] Treasury prices edged lower in thin trading yesterday morning following revised fourth-quarter [illegible] national product [illegible] that was [illegible] stronger than expected.

By midday [illegible] benchmark 30-year government bond was down [illegible] at [illegible], [illegible] yield 8.141 per cent. There [illegible] similar weakness [illegible] the short end of the market, with [illegible] two-year note [illegible] lower at 99[illegible], yielding 7.005 per cent.

The figures released by the Commerce Department in [illegible] morning [illegible] that revised GNP, adjusted for inflation, [illegible] per cent in the [illegible] three [illegible] of [illegible]. Originally, GNP [illegible] estimated to have [illegible] 2.1 per cent during the period.

[illegible] analysts had predicted a downward revision in the GNP total and [illegible] revised figure revived concern in [illegible] market that the Federal Reserve may refrain [illegible] a further [illegible] in interest rates, certainly until the [illegible] unemployment [illegible] known.

In the past [illegible] days, dealers with long positions have been marking prices down in the hope of off-loading stock before [illegible] February jobs [illegible] are [illegible] on Friday week.

For the first time in several days the Fed did not intervene in the credit markets, apparently satisfied with the Fed funds rate.

Yesterday morning Fed funds [illegible] slightly [illegible] 6[illegible] per cent to 6[illegible] per cent by midday.

■ THE UK gilts market was uninspired by a further [illegible] per cent [illegible] cut in [illegible] per cent, which had [illegible] largely discounted. Indeed, analysts said [illegible] yield levels may prove hard [illegible] unless more [illegible] cuts [illegible]. A further cut is [illegible] widely predicted to [illegible] with next month's budget, but it will "not [illegible] very [illegible] for the [illegible] market," according to Mr [illegible] Sheppherd, an economist [illegible] SG Warburg.

Long-dated gilts [illegible] unchanged while short-dated [illegible] prices gained [illegible] point, with [illegible] money [illegible] proving the major beneficiary [illegible] cut.

The gilt yield [illegible] is likely [illegible] flat, though the [illegible] end of the yield [illegible] be vulnerable, especially if subjected [illegible] strain [illegible] further UK [illegible] issuance. Three [illegible] four-year yields are currently just [illegible] per cent, [illegible] will [illegible] continued [illegible] to maintain that level, analysts [illegible] In the meantime, the market appeared to [illegible] range-bound.

The long [illegible] future contract on the London International Financial Futures Exchange ended virtually unchanged [illegible], in the middle of the day's trading [illegible].

■ JAPANESE government bonds [illegible] further ground, with the benchmark [illegible] issue ending in [illegible] at its low for the day of [illegible] per cent. However, there is good support for the [illegible] this level, [illegible] the issue price falls under par.

Dealers reported moderate [illegible] for the Japanese government's [illegible] issue, [illegible] of which emerged yesterday. [illegible] carries [illegible] per cent [illegible] in March 2001.

■ PRICES in the [illegible] market slipped, as traders focused [illegible] rising [illegible] and a [illegible]. [illegible] on [illegible] at 85.45, [illegible] 0.10 point.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		[illegible]	[illegible]	103-31	+05/32	[illegible]	[illegible]	11.40
		[illegible]	[illegible]	94-01	-04/32	[illegible]	[illegible]	10.24
		[illegible]	[illegible]	93-18	-07/32	[illegible]	9.70	9.95
US TREASURY *		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	8.16	[illegible]	[illegible]
JAPAN	No 119	[illegible]	6/96	[illegible]	-0.380	[illegible]	[illegible]	[illegible]
	No 129	[illegible]	03/00	[illegible]	-0.316	[illegible]	[illegible]	[illegible]
GERMANY		[illegible]	01/01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE	BTAN	9.000	[illegible]	[illegible]	+0.114	[illegible]	8.31	[illegible]
	OAT	[illegible]	01/01	[illegible]	[illegible]	[illegible]	9.01	[illegible]
CANADA *		[illegible]	[illegible]	[illegible]	[illegible]	9.61	[illegible]	[illegible]
NETHERLANDS		8.500	03/01	99.2000	[illegible]	[illegible]	8.51	[illegible]
AUSTRALIA		13.000	[illegible]	108.2005	[illegible]	[illegible]	11.41	11.63
BELGIUM		[illegible]	09/00	[illegible]	[illegible]	[illegible]	8.95	[illegible]

London closing, [illegible] Local [illegible] Prices: [illegible] in 32nds, [illegible] in decimal

[illegible] Sources

Canadian initiative on pension fund investment

By Bernard Simon in [illegible]

Michael [illegible]: proposed carrot-and-stick [illegible]

THE [illegible] Government [illegible] proposing [illegible] controversial system of [illegible] credits and levies to encourage pension funds [illegible] invest [illegible] larger slice of [illegible] in equities, [illegible] securities.

Pointing out [illegible] pension funds in [illegible] invest a smaller proportion of their [illegible] in equities [illegible] counterparts, finance [illegible] Mr Michael [illegible] the [illegible] initiative as part [illegible] a budget package [illegible] improve [illegible] business competitiveness.

According [illegible] background [illegible] the relatively [illegible] involvement of pension [illegible] in equity [illegible] may be forcing [illegible] dependence on [illegible] by some [illegible] companies.

The pension industry, with [illegible] than C$190bn, has reacted angrily to the proposal. Mr Ian McKinnon, director [illegible] University's pension fund in Montreal, described it [illegible] "hare-brained."

Noting [illegible] Canadian stock [illegible] heavily weighted towards resource industries and comprise only about 3 per cent of the world stock market capitalisation, Mr McKinnon said [illegible] "it's [illegible] not prudent to [illegible] more of your [illegible] into that one [illegible] tor".

Ottawa has promised to consult pension funds and the investment community at large [illegible] the proposed changes. It expects to publish a technical discussion paper within the [illegible] few months.

The system proposed for pension funds would be a variation of existing measures – such as a dividend tax credit, capital gains exemption, and a [illegible] on accrued but unrealised gains – which [illegible] individuals to [illegible].

The credit [illegible] enhance [illegible] return on equity investments held by pension funds. Conversely, a levy on other [illegible] would reduce the return [illegible]. The budget [illegible] credits might offset levies due. The measures [illegible] not apply to small [illegible] funds.

An irony of [illegible] proposal is that last year's budget included a relaxation of the ceiling on pension fund holdings [illegible] foreign [illegible]. The limit [illegible] being gradually raised from 10 to 20 per cent of funds' [illegible].

Another recent effort by the [illegible] to regulate pension [illegible] investment also met stiff [illegible] a rule in place a few years ago which [illegible] to expand their foreign investment by [illegible] C$1 put into [illegible] small [illegible].

Few funds used the concession, mainly [illegible] any [illegible] posal of a small [illegible] investment would [illegible] have [illegible] of foreign [illegible].

Portuguese bank in Es937bn issue

BANK of Portugal, seeking to mop up excess liquidity in the banking system, plans to issue soon Es937.7bn ($7bn) of Treasury bills and other financial instruments, Reuter reports.

A central bank official said the operation will complete the process begun last December to withdraw a total liquidity of over Es1,000bn. The issue follows an accord signed in November between the central bank and 22 Portuguese banks to absorb the amount.

Issue 'put back' to RJR

MORE than two-thirds of a [illegible] from [illegible] Nabisco, the [illegible] giant which [illegible] subject [illegible] leveraged buy-out by [illegible] Kravis Roberts in [illegible] has [illegible] "put [illegible]" to the company, writes Simon London.

Lead manager J.P. Morgan [illegible] with a face [illegible] $84.8m had [illegible] put back. [illegible] per bond [illegible] 90 [illegible] cent [illegible] face value.

The [illegible] per cent bond issue maturing 1994 [illegible] in 1986, several years before [illegible] buy-out. The [illegible] was the focus of a bitter wrangle between the issuer [illegible] lead [illegible] in [illegible], when RJR Nabisco announced plans to formally merge with Kohlberg [illegible] Roberts. Morgan tried to force the issuer to call the [illegible] on [illegible] grounds [illegible] the [illegible] plans contained inadequate protection for bondholders [illegible] event risk. A compromise was reached and the [illegible] later completed a $6.9bn refinancing package.

London Fox to launch property futures market

By [illegible] Houlder, Property Correspondent

LONDON [illegible] the futures and options exchange, is set to launch [illegible] property futures market on May 9.

The market [illegible] a new way of speculating [illegible] managing risk in the property industry. Its potential extends [illegible] institutions wanting to adjust weightings of proper[illegible] in illiquid markets, to developers wanting to reduce [illegible] projects and [illegible] traders wanting [illegible] on [illegible].

The [illegible] being launched are commercial property capital values, commercial property rental values, residential pro[illegible] and mortgage interest r[illegible].

Fox will base its [illegible] on [illegible] Nationwide Anglia index of [illegible] and [illegible] Investment Property [illegible] monthly indices. [illegible] will [illegible] Fox's electronic trading system, which already runs [illegible], raw [illegible], [illegible] and rubber.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8.00 pm on February 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	150	101¼	101¾		8.11
[illegible]	600	103¾	104¼	-⅛	8.32
[illegible]	400	99½	99¾	-⅛	8.64
BANK OF TOKYO 8 3/8 96	100	[illegible]	[illegible]	-⅛	8.71
BELGIUM 9 1/8 92	400	101¾	102¼	-⅛	[illegible]
BFCE 7 3/4 97	150	97½	[illegible]	-⅛	[illegible]
BNP 8 5/8 94	300	101¼	101¾		8.08
BP CAPITAL 9 5/8 93	150	102¼	103¼	+⅛	7.98
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 9/4 LFr	600	92½	93¼	+⅛	9.76
KREDIETBANK 7 9/11 LFr	1000	94½	95¼	+⅛	9.71
WORLD [illegible]	1000	94½	95¼	-⅛	9.45
AMRO BANK 6 1/4 92 Fl	150	94½	95½		10.13
RABOBANK 5 3/4 93 Fl	150	92½	93½		10.13
ALBERTA PROVINCE 10 92 C$	500	99½	100		10.11
BCE INC 9 5/8 93 C$	300	98½	99	+⅛	10.39
BELL CANADA 10 5/8 99 C$	150	100½	101¼		10.49
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] (remaining sections: DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, YEN STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS)

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate ([illegible] three-month [illegible] above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Liffe launches Euro-index contract

By Tracey Corrigan

THE LONDON International Financial Futures Exchange (Liffe) yesterday announced plans to launch the first futures contract on a European share index.

The FT-SE Eurotrack 100 index [illegible] will start trading on June [illegible] and will be followed by an index option on the London Traded Options Market (LTOM). Liffe and LTOM, which jointly developed the contracts, are in the process of merging.

The Eurotrack 100 index, comprising the top 100 continental European and Irish shares, closely [illegible] to larger benchmarks such as the FT-Actuaries World Indices and Morgan Stanley Capital International. The UK, the largest constituent of the Euro-track 200 index, is not included in the Eurotrack 100.

The new futures contract will be denominated in D-Marks, and valued at DM100 per index point. German shares constitute 25 per cent of the 100 index, [illegible] highest country weighting.

The contract could suffer from a lack of liquidity, partly because many of the underlying [illegible] not very actively traded. The product is unlikely to attract arbitrage traders, whose growing involvement in the FT-SE UK stock index future helped boost its liquidity.

Further, because of the fixed country weightings of the index, it is not an efficient hedging tool for many fund managers or traders.

The contract is expected to involve some basis risk, at least at the outset – that is, the [illegible] price may not always accurately reflect the underlying share values.

"It will be useful primarily for the [illegible] allocator, [illegible] than for the regional fund [illegible]" said Mr Tim Breedon, an associate director at Legal & General Investments. For asset allocation purposes, the contract can be used to add or subtract [illegible] Europe, without a fund manager having to sell particular shares.

[illegible] not yet decided whether [illegible] appoint market makers or designated brokers, who could help ensure some liquidity. Although volume in the new contract could be slow to take off, it is something of a coup for Liffe to get the first European share contract off the ground, beating off competitors such as the Matif in Paris and the European Options Exchange in Amsterdam.

"Noone likes [illegible] get there second," admitted Ms Victoria Ward, director of product development at Liffe. Mr Michael Jenkins, chief executive officer of Liffe, said 1,000 [illegible] initial daily volume would be considered a reasonable start.

The Chicago Board Options Exchange, which has a largely retail constituency, has applied to list options on the FT-SE [illegible] 100 and 200 indices, and also on the FT-SE 100 index, the main UK stock market index.

AIBD opposes plan to amend EC directive

By Simon London

THE Association of International Bond Dealers [illegible] fighting proposed additions to the European Community draft Investment Services Directive which [illegible] believes could have a considerable adverse impact on the international bond market.

In a letter to members, the AIBD, the self-regulatory authority of the international bond market, pointed to two proposed amendments in the directive which it said would [illegible] damaging:

● An option allowing member states to require trading of securities listed in that country to take place on a "regulated market".

● A proposal to increase the level of transaction reporting required [illegible] firms dealing in securities.

The AIBD would not count as a regulated market under the proposed definition because it does not have formal listing requirements. The London International Stock Exchange's [illegible] International quotation system for equities would be excluded for the same reason.

The proposed date for implementation of the directive is January 1, 1993.

In the letter, Mr John Langton, AIBD chief executive, and Mr Thomas Hunziker, counsel to the AIBD, said the proposals "conflict directly with the international, self-regulatory nature of the market." He said the proposals would drive securities trading back on to national markets. This is contrary to the stated aim of the directive to open up investment services within the European [illegible] Community, [illegible] added.

He said the introduction of listing requirements by the AIBD in parallel with national markets would offer no advantages to [illegible] participants.

The [illegible] has [illegible] to have international securities excluded from the regulated market areas of the directive and has sought clarification of the suggested increased reporting requirements. The draft directive is currently before the European Commission, but member states are split over its final form.

Treasury follows the road to securities development

Haig Simonian on Italian borrowing ambitions

Despite passing three milestones in rapid succession, the Italian treasury still has some way to travel before it reaches its ultimate destination of a fully developed domestic and international borrowing policy.

Last week in the space of three days, the treasury launched the first 20-year Ecu Eurobond and two new long-term lira issues, and in so doing significantly extended the maturity of domestic government paper.

While the Ecu 2.5bn deal extended by 10 years the previous record maturity for Ecu paper, it was the two domestic issues that marked most clearly the government's determination to extend the average life of state debt.

The L3,000bn ($2.6bn) 10-year fixed-rate deal came less than a year after Italy's first seven-year fixed-rate domestic bond issued last May. And to prove that attention was not solely focused on fixed-rate paper, the treasury also took the opportunity [illegible] launch a seven-year floating-rate deal, a two-year extension on the previous maximum term for such issues.

With maturities on almost all Italy's main domestic instruments now extended, dealers are expecting the next round of auctions in mid-March to bring [illegible] innovation [illegible] complete the picture.

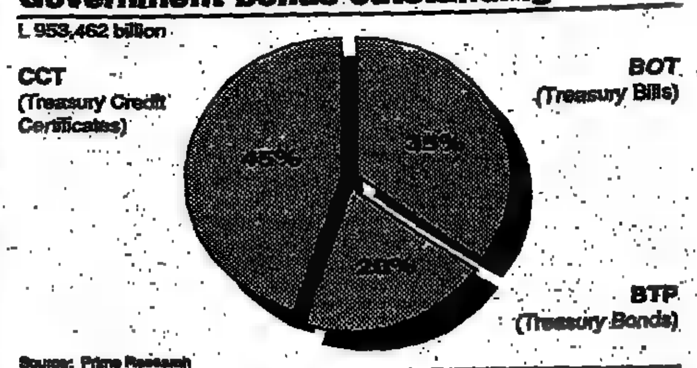
Thus maturities on floating-[illegible] treasury certificates, which currently [illegible] a six-year span with a put option at the halfway stage, are expected to be pushed out to eight years, with the put now coming after the fourth year.

Extending maturities has long [illegible] the recommended strategy [illegible] reducing Italy's overall borrowing costs and facilitating the management of [illegible] average maturity of [illegible] borrowing currently standing at just [illegible] years, longer maturities will help lower servicing costs, which now account for the bulk of new debt issues.

Longer maturities will give the Italians more flexibility in timing future issues by making them less of a hostage to market [illegible]. Last week's 10-year deal signals a particularly important landmark in that process, as it also brings Italy's debt instruments closer into line with those in other major European economies.

Moreover, it establishes a benchmark issue, which could attract greater liquidity to the market. In time, it could also form the basis for a futures contract, either traded domestically or perhaps at the London International Financial Futures

Government bonds outstanding



Source: Prime Research

[illegible] (Liffe), [illegible] said. The deal was given a warm welcome by the market and further tranches of 10-year paper are now widely expected.

Market gossip has it that the first series of 10-year bonds will probably be [illegible] in stages up to a total of L8,000bn. But with only four seven-year issues, totalling L22,000bn, and now one 10-year deal made since the debut of longer-term [illegible] last May, it will [illegible] a while before such paper makes a dent on Italy's borrowing profile.

It has been estimated that total debt outstanding amounted to some L1,680,000bn at the end of 1990, mainly comprising short-term treasury bills. In 1991, the authorities [illegible] to roll over about 42 per cent of [illegible] total. However, the [illegible] still need to [illegible] a number of [illegible] innovations [illegible] their market can hope to reach the same status as that of the UK, France or Germany.

Withholding tax represents one of the [illegible] hurdles. The problem [illegible] both government bonds bought by foreign investors from countries which have double taxation agreements with Italy, and the Eurolira [illegible] market.

There have been bitter complaints by investors at Italy's unwillingness to repay withholding tax due to those covered by double taxation treaties. The sums involved are not known, but are thought to run to many billions of lire.

However, the treasury may be preparing repayment procedures. How much such steps will boost the market depends partly on the complexity of the measures introduced and whether they are retroactive.

The tax on Eurodeposits may be even more important, since it is holding up other important developments, notably the launch of a futures contract on 90-day lira deposits.

Banks have become increasingly interested in Eurolira deposits in the past year, as shown by the increased liquidity in the market and the growth of lira swaps and forward rate agreements. Attention has also been bolstered by the introduction of a daily London fixing. Liffe is known to be considering a futures contract on three-month lira Euro-deposits. However, the exchange has been concerned about adequate liquidity, a worry that could be eliminated should the tax be dropped.

Some think a decision on abolishing the withholding tax on lira Eurodeposits is also at hand, and may even have been written into last December's budget package, only to be removed at the last minute. Such disappointments show the continuing frustration that face Italian bankers, despite the substantial progress that has been made.

Canadian dollar sector attracts borrowers

By Simon London

THE Canadian dollar sector of the international bond market continued to attract borrowers yesterday, with three [illegible] raising a total of C$350m.

INTERNATIONAL BONDS

The sector has offered borrowers rare currency and interest rate [illegible] opportunities for the past fortnight, in addition [illegible] which about C$1bn [illegible] outstanding [illegible] will be redeemed next month. Yesterday's flurry of activity [illegible] prompted by a [illegible] budget statement from the Canadian government.

Toyota Motor Credit Corporation and Nationale Nederlanden, the biggest Dutch insurance group, both came at the three-year maturity. Lead managed by [illegible] Trust International, the NatNed deal offers a marginally higher yield spread of 50 basis points over the 9¼ per cent government issue maturing 1994. The TMCC paper offers a spread of 48 basis points, [illegible] managed by Wood Gundy.

Swedish Export Credit came at the five-year maturity, [illegible] ing C$100m of bonds at 51 [illegible] points over comparable government stock in a deal lead managed by Hambros.

Supply [illegible] Eurodollar bonds continued. General Electric Capital Corporation and Eksportfinans raising a total of $450m. GECC launched a $250m 7-year deal, [illegible] by Kidder Peabody. The paper carries a 8⅜ per cent coupon and was priced to yield 67 [illegible] points over US government stock.

Some firms declined to participate in [illegible] deal, either because they regarded full fees of 30 basis points as inadequate or because they [illegible] demand for dollar-denominated paper at [illegible] maturity. However, [illegible] taking part reported a smooth placement of the bonds.

Syndicate managers report that the recent positive tone of the market has solidified this week, with investors once again showing more interest in the shorter maturities.

To [illegible] this demand, Eksportfinans [illegible] further down the yield curve, offering $200m of four-year paper at a spread of 55 basis points over treasuries. Lead managed by Credit [illegible] First Boston, the [illegible] offers [illegible] supply of four-year paper with a [illegible] set to reflect lower dollar interest [illegible]. [illegible] outstanding paper at the four-year maturity carries a high coupon [illegible].

The European Community's Ecu500m seven-year deal launched on Tuesday via Dresdner Bank was freed to trade yesterday and [illegible] ately fell outside [illegible]. Late yesterday afternoon the issue was quoted by the lead manager at [illegible] bid, against a launch price of 100.85 and full fees of 30 basis points.

At this level the deal [illegible] around 5 basis points more than comparable French government OATs, having been launched at a spread of more than 10 basis points under OATs.

■ Maxwell Communication Corporation has mandated Bankers Trust International to buy [illegible] an undisclosed amount of its three outstanding bond issues in the open market. BTI will make individual bids to holders of the Maxwell's Ecu75m [illegible] per [illegible] bonds maturing 1993, DM150m 6 per cent bonds maturing 1993 and SFr150m [illegible] bonds maturing 1995.

The three issues are rarely traded in the secondary market and BTI said that the price of [illegible] would be [illegible] in negotiation with bond holders.

NEW INTERNATIONAL BOND [illegible]

Borrower	[illegible] m.	Coupon %	Price	Maturity	[illegible]	Book runner
US DOLLARS						
Gen.Elec.Cap.Corp.(a)†	250	[illegible]	[illegible]	[illegible]	30/20bp	Kidder [illegible] Int.
Ekspo[illegible](a)†	200	8½	101.[illegible]	1995	1⅜/1½	[illegible]
Kolon [illegible] Inc.(b)§†	28½	[illegible]	100	2006	2½	J Henry [illegible] Wagg
CANADIAN [illegible]						
[illegible] Hldgs(a)†	125	10⅞	101.60	[illegible]	1⅞/1.275	Bankers Trust Int.
Toyota [illegible] Cr.Corp(a)†	125	10¼	101.34	1994	[illegible]	Wood Gundy Inc.
Swedish Exp.Cr.Corp(a)†	100	10¼	101.70	1996	1⅞/1¼	[illegible] Bank
YEN						
Kobe Steel Ltd(a)†	50bn	7.10	101¼	1998	1⅞/1.650	Nomura Int.
Sumitomo Realty & [illegible]	30bn	7.20	101¼	1996	1⅞/1⅛	Daiwa Europe
SWISS FRANCS						
[illegible] Korea(c)**#†	50	[illegible]	[illegible]	1996	-	SBC

**Private placement. §Convertible. #With equity warrants. †Final Terms. a) Non-callable. [illegible] Amount increased from $25mn. [illegible] indicated at 4%-5%. Put option 31/12/96, to yield 8¼%. Conversion premium fixed at 15%. c) Amount [illegible] from SFr[illegible] option 31/12/93 at 110½% to yield 9.428%. Callable 31/12/93 at 110½%, 31/12/94 at 102%, and 31/12/95 at 101%. [illegible] premium fixed at 15%.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wednesday February 27 1991: [illegible] No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to [illegible]	Tue Feb 26: Index No.	Mon Feb 25: [illegible] No.	Fri Feb 22: Index [illegible]	Year ago (approx): Index No.
1	CAPITAL GOODS (187)	823.83	+1.4	[illegible]	[illegible]	9.32	0.85	812.35	813.36	804.19	849.61
2	Building Materials (24)	1132.98	+1.5	12.58	[illegible]	9.78	[illegible]	1116.50	1124.57	1106.03	1030.87
3	Contracting, Construction (31)	1308.93	+2.0	13.72	5.97	9.46	3.90	1283.69	1274.03	1252.47	1415.77
4	Electricals (10)	2250.46	+1.1	12.55	5.93	9.75	0.80	2225.39	2195.28	2181.16	2369.00
5	Electronics (26)	1752.71	-0.1	9.00	5.09	14.77	1.55	1755.02	1775.23	1769.52	1874.59
6	Engineering-Aerospace (8)	431.74	+4.3	16.95	5.77	7.11	0.86	414.10	411.58	411.77	422.36
7	Engineering-General (47)	415.98	+1.2	14.24	6.21	8.45	1.15	411.23	408.34	402.86	460.17
8	Metals and Metal Forming (8)	449.13	+0.7	20.31	7.66	6.08	0.00	446.13	446.32	441.98	467.13
9	Motors (13)	324.08	+1.5	15.37	7.42	7.58	0.00	319.28	325.44	323.25	350.87
10	Other Industrial Materials (20)	1446.82	+1.5	11.65	5.62	9.92	0.71	1425.04	1422.77	1403.23	1535.67
21	CONSUMER GROUP (182)	1335.49	+0.4	9.04	3.91	13.74	3.44	1330.40	1337.93	1323.33	1229.19
22	Brewers and Distillers (22)	1684.55	+1.1	9.52	3.71	12.95	7.47	1666.41	1674.32	1663.74	1435.97
25	Food Manufacturing (20)	1129.18	+0.3	10.18	4.31	12.09	1.69	1125.82	1131.41	1120.43	1057.82
26	Food Retailing (16)	2491.52	-0.3	8.50	3.11	15.40	3.15	2499.19	2522.20	2502.20	2284.49
27	Health and Household (21)	2816.05	-0.4	6.37	2.72	18.61	0.91	2827.17	2842.72	2804.91	2407.28
29	Hotels and Leisure (22)	1283.97	+1.1	10.64	5.34	11.16	9.06	1270.62	1280.31	1288.65	1518.63
30	Media (25)	1321.58	-0.3	11.05	5.20	11.42	7.81	1326.06	1324.27	1301.83	0.00
31	Packaging & Paper (11)	601.39	+0.5	8.75	5.73	14.01	0.30	598.46	600.56	587.27	555.75
34	Stores (34)	870.11	+1.3	9.76	4.20	13.33	1.76	858.82	865.68	847.98	778.79
35	Textiles (11)	450.89	+0.6	12.75	7.80	10.06	0.65	448.11	451.40	448.29	497.50
40	OTHER GROUPS (111)	1132.13	+1.0	11.39	5.29	10.62	2.56	1121.08	1129.31	1115.90	1154.97
41	Business Services (12)	1070.71	+0.9	11.68	5.04	10.41	0.26	1060.89	1058.75	1050.14	0.00
42	Chemicals (21)	1192.85	-0.2	11.92	5.98	9.90	0.77	1195.11	1218.73	1203.61	1172.34
43	Conglomerates (11)	1503.03	+1.8	11.36	6.86	10.50	6.83	1477.12	1475.04	1450.10	1572.15
44	Transport (15)	2120.74	+2.3	12.33	4.80	10.00	1.82	2072.54	2072.03	2029.79	2254.86
45	Electricity (12)	1126.68	+0.7	10.94	6.25	11.02	0.00	1119.35	1122.60	1118.82	0.00
46	Telephone Networks(3)	1273.03	+1.2	10.51	3.97	12.38	0.00	1257.81	1271.21	1254.38	1217.76
47	Water(10)	2445.48	+1.5	13.86	5.73	8.06	39.69	2408.51	2422.54	2411.71	2029.38
48	Miscellaneous (27)	1771.29	......	10.69	5.12	10.89	1.37	1771.94	1788.45	1775.36	1832.37
49	INDUSTRIAL GROUP (480)	1150.67	+0.8	10.63	4.75	11.52	2.47	1141.66	1147.68	1134.72	1124.14
51	Oil & Gas (20)	2308.88	+2.4	11.22	5.74	11.67	34.91	2255.86	2249.84	2262.81	2338.04
59	500 SHARE INDEX (500)	1248.13	+1.0	10.71	4.89	11.54	4.88	1235.79	1240.99	1229.77	1225.01
61	FINANCIAL GROUP (98)	[illegible]	+1.2	–	6.08	–	2.87	778.41	782.03	771.08	804.79
62	Banks (9)	850.13	+2.7	18.05	6.92	7.24	5.83	827.95	830.28	814.77	874.45
65	Insurance (Life) (7)	1452.89	+0.4	–	5.29	–	0.00	1446.71	1440.93	1414.03	1304.95
66	Insurance (Composite) (6)	685.43	+0.7	–	6.27	–	0.00	680.47	699.68	690.10	663.79
67	Insurance (Brokers) (8)	1057.14	+1.1	6.99	6.10	18.73	7.94	1045.98	1037.66	1030.61	1056.42
68	Merchant Banks (7)	407.83	-0.5	–	5.00	–	0.00	410.06	403.18	401.43	490.44
69	Property (41)	1014.96	-0.4	6.54	4.63	20.95	1.26	1019.07	1017.43	1009.20	1107.50
70	Other Financial (20)	272.63	+0.2	9.21	6.61	13.71	2.30	271.95	273.38	273.66	316.05
71	Investment Trusts (69)	1117.14	+0.5	–	3.65	–	4.03	1111.65	1118.34	1102.85	1152.67
99	ALL-SHARE INDEX (667)	1134.70	+1.0	–	5.02	–	4.39	1123.31	1128.16	1117.02	1122.26

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 26	Feb 25	Feb 22	Feb 21	Feb 20	Year ago
FT-SE 100 SHARE INDEX‡	2348.0	+25.8	2348.2	2306.8	2322.2	2335.5	2314.3	2312.4	2296.8	2255.4

FIXED INTEREST

	PRICE INDICES	Wed Feb 27	Day's change %	Tue Feb 26	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.18	+0.14	121.02	1.98	1.65
2	5-15 years (31)	131.88	+0.02	131.85	1.66	2.69
3	Over 15 years (8)	141.03	+0.05	140.95	2.95	1.08
4	Irredeemables (6)	154.80	-0.12	154.99	2.43	1.14
5	All stocks (73)	130.91	+0.06	130.84	1.91	2.21
	Index-Linked					
6	Up to 5 years (2)	158.15	-0.05	158.22	0.22	1.03
7	Over 5 years (10)	144.22	-0.04	144.27	0.53	0.89
8	All stocks (12)	145.15	-0.04	145.20	0.50	0.90
9	Debs & Loans (54)	109.85	+0.03	109.87	2.24	1.67

	AVERAGE GROSS REDEMPTION YIELDS		Wed Feb 27	Tue Feb 26	Year ago (approx.)
	British Government				
1	Low	5 years	9.28	9.29	10.98
2	Coupons	15 years	9.60	9.60	10.63
3	(0%-7¾%)	25 years	9.76	9.76	10.51
4	Medium	5 years	10.13	10.14	12.23
5	Coupons	15 years	9.98	9.98	11.06
6	(8%-10¾%)	25 years	9.91	9.90	10.63
7	High	5 years	10.28	10.30	12.36
8	Coupons	15 years	10.13	10.12	11.26
9	(11%-)	25 years	10.04	10.01	10.78
10	Irredeemables	†	9.92	9.91	10.50
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.79	3.75	4.44
12	Inflation rate 5%	Over 5 yrs.	4.17	4.16	3.97
13	Inflation rate 10%	Up to 5yrs.	2.33	2.29	3.48
14	Inflation rate 10%	Over 5 yrs.	3.98	3.98	3.79
15	Debs &	5 years	11.99	11.98	13.38
16	Loans	15 years	11.66	11.66	12.86
17		25 years	11.42	11.42	12.86

‡Opening index 2318.5; 9 am 2310.4; 10 am 2318.3; 11 am 2318.4; Noon 2328.6; 1 pm 2332.2; 2 pm 23[illegible].5; 2.30 pm 2336.2; 3 pm [illegible]3.2; 4.10 pm 2343.1; (a) 4.26pm (b) 9.09am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the [illegible] used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	35	32	19
Corporations, Dominion and Foreign Bonds	3	6	12
Industrials	492	173	699
Financial and Properties	228	102	[illegible]
Oils	44	[illegible]	40
Plantations	0	[illegible]	9
Mines	58	10	96
Others	64	[illegible]	38
Totals	924	[illegible]	1,522

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amt. Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	109	102	East German Inv. Tst.	105		–	–	–	–
§100	F.P.	–	95	58	‡Eidos 10p	59		–	–	–	–
–	F.P.	–	18	15	‡Europe Energy 5p	15		–	–	–	–
–	F.P.	–	3825	3475	Eurotunnel Foder. Wrrts	3700	+125	–	–	–	–
–	F.P.	–	130	90	JF Pacific (New Wrrnts)	130		–	–	–	–
50	F.P.	–	46	43	Trio Inv. Tst.	44		–	–	–	–
–	F.P.	–	9	6	Do. Warrants	7		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+or -
–		–	86	68	Brent Walker Capital 13pc Cv Cap Bd	80	+2
100p	F.P.	–	108p	105p	Brit. Land 8¾pc Cnv. Cap. Bds. 2011	108p	+2
100p	F.P.	–	105p	93p	Evered 7.25p (Net) Cnv. Red. Prf.	96p	+5
‡	P/P	28/11	38p	30p	‡Greenacre Group Cv. Rd. Prf. 70p	30p	
35	–	–	34½	29½	Greenwood Securities 8pc Cv Ln 2000	33½	
100p	F.P.	–	105p	96p	IT Group 10¾pc Cnv. Red. Prf. 1997	105p	
100p	F.P.	–	113p	97p	Worcester Cnv Rd Cv Pf	113p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
15	Nil	–	2pm	2pm	‡Europe Energy 5p	2pm	
12½	Nil	–	1¼pm	1¼pm	Ptarmigan	1¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¢ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings Feb. 18
● Last Dealings March 1
● Last Declarations May 30
● For settlement June 10

For rate indications see end of London Share Service

Calls in Berisford Intl., Bl[illegible] Leis., BTR warrants '93/94, Chrysalis, Control Secs., Danbury, Ferranti Intl., Five Oaks Invs., IWP Intl., Midland & Scottish Res., Ossory Ests., Premier Cons., Standard Chartered, Telfos, Tuskar Res. and Unichem. Puts in Ratners and TI. Put and call in Tuskar Res.

LONDON TRADED OPTIONS

[illegible]

UK COMPANY NEWS

Commercial radio plays a mixed tune

Jane Fuller on the opportunities and obstacles facing operators

COMMERCIAL radio companies are broadcasting [redacted] confusing messages [redacted] investors. Sometimes they drone on about the downturn in advertising revenue, sometimes they sing out [redacted] optimism.

These mixed messages come against the background of a fall from stock market [redacted]. In [redacted] and 1989, [redacted] sector became fashionable [redacted] rising profits, the first flush [redacted] deregulatory enthusiasm and some aggr[redacted] corporate activity.

In the past year, however, even cash-rich companies like Capital Radio [redacted] Radio Clyde have underperformed [redacted] FT-Actuaries All-Share Index, as worries [redacted] in about commercial radio's vulnerability to [redacted] in advertising spending.

Looking ahead, [redacted] news is that this is a year of opportunity. New [redacted] will [redacted] national and nearly 30 local [redacted].

There [redacted] also scope for [redacted]ger groups to extend their interests in existing licences. They might acquire financially [redacted] companies at [redacted] sensible prices, or pick [redacted] minor[redacted] stakes.

The opportunities might [redacted] in investment from outside the local [redacted] industry. Other media companies have pricked up their [redacted] at [redacted] advertisement of [redacted] first independent national radio licence – INR1-FM – specialising in "music which [redacted] not pop".

Among [redacted] to make [redacted] Classic FM, chaired by Mr David Astor, and Real Radio, led by EMAP, the publishing group.

They will probably [redacted] competition. Mr [redacted] Gordon, managing director [redacted] Radio Clyde, [redacted] it [redacted]ering launching [redacted] joint bid [redacted] Radio Forth. [redacted] have shied away, albeit reluctantly, although they may return later this year to bid for the second national station, which [redacted] broadcast pop music [redacted] speech.

Mr Ron Coles, managing director of [redacted] Radio, said his group had felt [redacted] the viability [redacted] INR1 might [redacted] "a bit marginal" [redacted] high fixed costs and the discourag[redacted] climate. It would [redacted] be worth the risk of diluting [redacted] company. Low share prices and a [redacted] of confidence in the [redacted] would also hamper fund-raising.

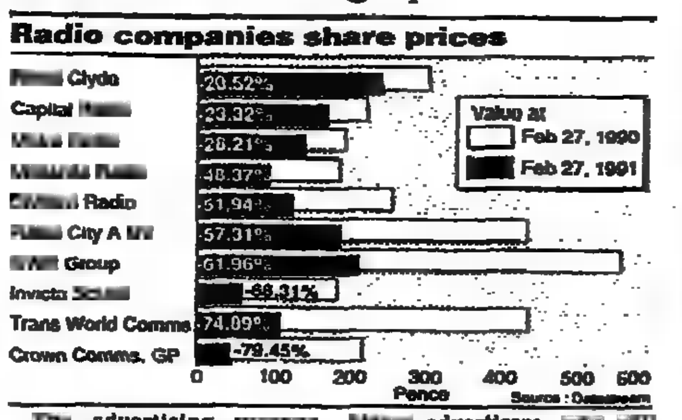
The Nottingham-based group [redacted] however, [redacted] in the new licence for Lincoln, [redacted] adjacent [redacted]. A similar line [redacted] being taken [redacted] Metro Radio in the north-east. It [redacted] Yorkshire Radio in October and would [redacted] York [redacted] its string.

[redacted] Mr John Josephs, [redacted]ro's finance director, [redacted] that this year's crop [redacted] local licences, which [redacted] metropolitan [redacted] to be of [redacted] attractive size. "It costs [redacted] for [redacted] for 1m" – [redacted] the appeal to advertisers [redacted] obviously very different. [redacted] Gordon put it more bluntly: "We are [redacted] getting [redacted] to areas [redacted] lovely scenery [redacted] no people."

Headroom for expansion is, in any case, limited for the larger [redacted] though the Broadcasting [redacted].

[redacted] really [redacted] is [redacted] no [redacted] opportunities are, the [redacted] preoccupied with the advertis[redacted].

According [redacted] Mr Chris Akers, [redacted] analyst [redacted] Citibank, 95 [redacted] companies' revenue [redacted] from advertising, compared [redacted] 80 [redacted] 85 per [redacted] for [redacted] cent for the press.



The advertising [redacted] to independent [redacted] 15 per [redacted] – about 2 per cent [redacted] the [redacted] on all media.

[redacted] figures for [redacted], published [redacted] Capel [redacted] Book, show radio suffering an inflation-adjusted decline in advertising [redacted] of [redacted] per cent. A further real fall of [redacted] per [redacted] forecast for [redacted] year.

[redacted] ill effects of [redacted] slow[redacted] have [redacted] exacerbated [redacted] the increased number [redacted] independent [redacted] stations, [redacted] and [redacted] the [redacted] up from 50 to 107.

The [redacted] of dividing [redacted] cake into [redacted] slices will remain even when [redacted] picks up. Mr [redacted] said: "[redacted] has 2.9 per [redacted] of display advertising spend. It will [redacted] to increase to 5 to 6 per cent just to [redacted] the new stations."

Analysts have [redacted] waiting [redacted] time for [redacted] hoped-for [redacted] advertising market. Ms [redacted] Robson, [redacted] analyst [redacted] Phillips [redacted] Drew, [redacted] "A lot depends [redacted] the new national station. That will increase [redacted] advertising [redacted] for the sector and also bring in [redacted] advertisers, [redacted] regard it [redacted] proposition."

[redacted] of [redacted] things [redacted] closely watched is "the BBC effect". Mr Nigel Walmsley, [redacted] moving [redacted] Capital [redacted] Carlton [redacted]nications' bid [redacted] franchise, [redacted] that 90 per cent of [redacted] population listened to the [redacted] to the BBC, [redacted] no use [redacted] advertisers." [redacted] with its greater choice of stations had, however, [redacted] a welcome trend: [redacted] per cent of [redacted] tuned into commercial radio.

Tantalising [redacted]parisons [redacted] made with other countries. According to [redacted] Akers, radio's [redacted] of advertising spend [redacted] Europe is 4.5 per cent. "However, the range is from [redacted] per [redacted] Austria [redacted] 2.1 per cent [redacted] UK. For [redacted] US, [redacted] figure is 10.5 per cent."

[redacted] were, of course, [redacted] comparisons. [redacted] instance, he [redacted] the US [redacted] 10,000 stations – by [redacted] all profitable.

Yet [redacted] US experience has pointed [redacted] forward in [redacted] of targeting [redacted] markets. The most successful trend so far has been for existing licence holders to use their FM and AM frequencies for different types of programme, for instance chart music on one and golden oldies on the other.

But as with the geographical expansion, the smaller the target, the bigger the viability question. A [redacted] of the difficulties [redacted] the [redacted] announced by [redacted] London's new niche stations.

At the other end of the scale, the Broadcasting Act has relaxed some of the restrictions on the larger groups' expansion. But once they reach their new ceilings, they have to ask themselves where next? Capital has, in a small way, moved into other areas of broadcasting and entertainment.

Others reckon there are opportunities on the Continent. But the risks have been demonstrated by Crown Communications, which has spent more than £10m developing RFM in France. Crown hopes RFM will move out of the red this year, but it still needs to sell most of its radio investments to try to halve its £18m debt.

For the investor, the good news is that commercial radio, now more reasonably priced, seems [redacted] to [redacted] up audiences and, [redacted] last, [redacted] significantly [redacted] share [redacted] advertising [redacted].

The [redacted] news [redacted] is no longer an [redacted] fashion-re[redacted] judging [redacted] whole sector. The [redacted] the gamut from well managed, cash-rich companies, through those forced to cut their costs, [redacted] others [redacted] heavy [redacted] and loss-making parts.

After [redacted] plenty, [redacted] advertising recession has [redacted] least helped in the meting [redacted] some rough judgment.

St Modwen cuts dividend as profits slump to £4m

By Paul Cheeseright, Midlands Correspondent

ST MODWEN Properties yesterday announced annual pre-tax profits at 40 per cent of the [redacted] and a dividend sharply reduced from 1.4p to 0.5p.

Although the Birmingham-based group traded [redacted] in both [redacted] of its year to [redacted] 30, [redacted] asset [redacted] fall from 41p to 38p per share.

Mr Stan Clarke, chairman, warned, as other property company chiefs have done, that market conditions were likely to remain "tough and uncertain for the foreseeable future."

Pre-tax profits amounted to £4.05m compared with £10.07m, while earnings [redacted] share dropped to 3.5p (8.5p). A provision [redacted] the line [redacted] bank [redacted] given [redacted] joint venture, now dissolved, [redacted] with Allied [redacted] and Property [redacted].

At £4.4m, rent received by St [redacted] just [redacted] its interest rate bill. But the rent roll rose by 37 [redacted] £5.2m and Mr [redacted] said rental income [redacted] comfortably exceed interest charges [redacted] 1991.

Total debt is £44m, which gives a gearing of [redacted] than 100 per cent, but this should [redacted] during the year because of payments for the Concord Office Park in Manchester. Contracted sales for 1991 are higher than those for last year. In line with the market, the value of the group's investment property portfolio fell 6 per cent to £62.9m.

Century Oils shuns Fuchs bid

By Andrew Bolger

Century Oils Group yesterday formally rejected the hostile [redacted] bid [redacted] 110p per share [redacted] the German-owned [redacted] Group as "wholly inadequate".

The offer by [redacted], which [redacted] makes and distributes lubricants, values the UK group at [redacted]. Century shares [redacted] closed [redacted] higher [redacted] value of £39.7m.

Mr Charles Mitchell, [redacted] and chief executive of Century, said [redacted] bid: "It [redacted] of Century's [redacted] in the UK and overseas [redacted] market, the potential [redacted] of new products and [redacted] long-term strategic value.

"Fuchs itself [redacted] to recognise this, [redacted] it has clearly reserved the right to increase its offer."

Turks expected to decide on BCMB bid next week

By John Murray Brown in [redacted]

ÇUKUROVA, the Turkish industrial conglomerate, is expected to [redacted] a final decision on its bid for British and Commonwealth Merchant Bank (BCMB) by the end of next week, according to [redacted].

Cukurova is [redacted] to [redacted], but [redacted] difficulty arranging a [redacted] standby facility to finance the deal. BCMB was put into [redacted] in June, after the collapse of its parent, [redacted] British and Commonwealth [redacted] services group.

The standby is [redacted] to provide liquidity if the [redacted] order is lifted and depositors rush to withdraw funds. More [redacted] of deposits were [redacted] by administrators [redacted] Young.

Morgan Grenfell, the UK merchant bank, has been asked to arrange the facility, [redacted] UK clearing banks are understood to be [redacted] to give support. The [redacted] banks are not being [redacted] for fresh [redacted] but simply to roll over some of their existing exposure to the parent company.

Preliminary approval for the sale has been given by [redacted] Bank of [redacted]. A draft purchase [redacted] is in place with the administrators, who [redacted] period of exclusive rights for the bid.

If [redacted] funding is in place, [redacted] expect Cukurova to [redacted] its bid by [redacted] of next week. One banker said the only alternative for BCMB would then [redacted] liquidation.

NEWS DIGEST

BWD dives sharply to £0.85m

THE difficulties currently being encountered by [redacted] industry were yesterday illustrated by BWD Securities, [redacted] West Yorkshire-based portfolio management group.

[redacted] profits [redacted] year to November 30, [redacted] exceptional charge of £201,000, dropped 50 per cent, from £1.71m to [redacted].

The decline was more [redacted] at the [redacted] level which fell to £377,000 (£1.33m).

Mr Christopher Broadbent, chief executive, [redacted] that the BWD Rensburg stockbroking operation was affected by the continued reduction in market activity, particularly in the final quarter.

Corporate finance activities declined in the second half "reflecting clients' inactivity in the uncertain economic environment".

Turnover improved slightly to £7.85m (£7.65m). Earnings per share emerged at 3p, down from 6.7p last time, and the recommended final dividend is cut to 0.75p (2.75p) for a total of 1.75p (3.75p).

William Jackson nears £2m

William [redacted] & Son, the baker, meat product manufacturer and discount [redacted] operator, [redacted] pre-tax profits of [redacted] to [redacted] 27, [redacted] a previous £1.7m.

Earnings per share [redacted] turnover of £99.16m (£96.16m).

The company warned, however, that pre-tax profits [redacted] the full year were likely to be less than that of the previous 12 [redacted] start-up costs needed [redacted] Giant [redacted] ways, a superstore near Hull, and the economic downturn.

An extraordinary [redacted] of [redacted] profits) [redacted] to the sale of properties.

French Property assets fall 20%

French Property Trust had a net [redacted] value of 77.21p per ordinary share at [redacted] 31, a downturn of 20 per cent [redacted] company's [redacted] April.

Available revenue for the period [redacted] to £179,000, equal to earnings of 0.71p. The proposed dividend is 0.47p.

ICL in £2m expansion

ICL, the [redacted] computer company, [redacted] acquired Comdes, a [redacted] software house, [redacted] Comdes, part of [redacted] Dutch [redacted] group, has 80 employees and specialises in financial, legal and [redacted] software.

Pittencrieff makes two acquisitions

Pittencrieff, the oil and gas investment company, has [redacted] two acquisitions [redacted] total of [redacted].

[redacted] Canyon [redacted] Unit, a Texas-based oil and gas company, [redacted] by [redacted] balance in [redacted]. Dopita Communications, which is based in west Texas, was acquired for $1.1m cash.

NSM splits top executive positions

NSM has [redacted] to split its top executive positions with [redacted] appointment of Mr John Jermine, formerly of ADT, the electronic security and car auction group, as chief executive.

Mr Jermine, 46, will succeed Mr Donald [redacted] had previously combined the [redacted] and chief executive's roles. Mr Carr, [redacted] to [redacted] as executive chairman.

The appointment [redacted] 12 days [redacted] the debt-laden mining and building products group issued a profits warning which precipitated a sharp fall in its share price.

Until the end of last year, Mr Jermine was the director and vice-president responsible for [redacted] operations at ADT. Since then, he has worked with Mr Carr on a review of NSM's operations and strategy.

Mr Carr said that his new colleague was "strong on management and financial controls" and had "[redacted] disposals [redacted] as acquisitions.

"We have a clear idea of where our respective [redacted] abilities are," he said. Mr Jermine takes up [redacted] appointment on [redacted].

Drayton Blue Chip launch postponed

The launch of Drayton Blue Chip Trust has been postponed. The split capital trust was to be accompanied by two personal equity plans which would have been based on the two classes of shares.

However, one of the Peps, based on the preferred growth shares, was to have been called the Guaranteed Growth Pep. Last week the Investment Management Regulatory Organisation (Imro) ruled against the use of products with the "guaranteed" label.

[redacted] MIM, the manager, is working on a plan to float the trust and comply with the Imro regulations.

Transatlantic edges higher

Transatlantic Holdings, the investment company 48 per cent-owned by Liberty Life of South Africa, announced profits of £70.6m for 1990, a 4 per cent increase on the £68.1m of 1989.

Earnings per share rose from 17.5p to 19.18p, and a final dividend of 7.5p lifts the total for the year to 13.5p (12p).

Net asset value per share fell from 450p to 338p, reflecting a [redacted] of 15 per [redacted] in the value [redacted] Capital [redacted] Counties, the company's property subsidiary [redacted] its 1990 [redacted] on Monday, [redacted] well as a decline of 11 [redacted] in the [redacted] in Sun Life, [redacted] insurance [redacted] in which it has a [redacted].

[redacted] short-term investments [redacted] the year end were £268.8m ([redacted]). Mr [redacted] Gordon, chairman, said [redacted] had [redacted] a prudent [redacted] valuation [redacted] Transatlantic's investment portfolio in [redacted] equity.

Inchcape expands in North America

Inchcape, the international services and marketing group, has strengthened its North American network of environmental testing [redacted] with the acquisition of Aquatec, of Vermont, and Anametrix, of California.

Inchcape has invested $13m (£6.7m) in the two companies, which in 1990 had a [redacted] turnover of $11m.

Mothercare opens in eastern Europe

Mothercare International, the baby products company which forms part of the Storehouse group, is to open a franchised store in Belgrade, Yugoslavia.

The move will [redacted] the first [redacted] Mothercare has opened in [redacted] Europe, although it is already planning to [redacted] in Hungary, Czechoslovakia and [redacted].

The Belgrade store, which has a selling area of 2,100 sq ft, [redacted] Universal, a Yugoslavian export-import company founded in 1952 which acts as an agent to several Western companies.

Dunedin net asset value falls 94.5p

Net asset value of the Dunedin [redacted] Growth [redacted] Trust fell by 94.5p to 489.5p per share over the year to January 31.

Available revenue improved from £7.35m to £8.03m, equal to earnings of 25.25p (23.12p). A proposed final dividend of 16p makes a 24p (21p) total.

Composite insurers unveil poor results for 1990

Commercial Union dives sharply to £1.4m

By Richard Lapper

COMMERCIAL UNION, the UK general and life insurer, yesterday announced pre-tax profits of £1.4m for 1990 and increased its dividend for the year by 7 per cent to 23p, via a final of 14p.

The results, which were roughly in line with expectations, compared to pre-tax profits of £150.5m in 1989. Like other UK insurers, CU was badly affected by a combination of increased claims and severe rate competition and registered increased underwriting losses in the UK and in Europe.

The continuing profitability [illegible] UK and Dutch life insurance business – life profits amounted to £102m – pushed the results marginally into the black.

New business grew strongly with worldwide new annual premiums increasing by 18 per cent and single premiums by 35 per cent.

CU's premium income in the non-life sector fell from £2.5bn to £2.43bn, reflecting the weakness of the dollar [illegible] well as continuing softness in premium rates.

Premium income [illegible] from £1.02bn to £1.16bn. With investment income amounting to £243.6m (£276.8m) and non-life underwriting losses up to £344.8m (£245m), non-life operating losses amounted to £100.6m compared to profits of £48.5m.

After taking account of realised investment gains of £20.8m (£81.9m) profits attributable to shareholders worked through at only £22.2m (£173.9m), forcing CU to transfer £76.4m from reserves to meet dividend payments of £98.8m.

Underwriting losses were heaviest in the UK, where extreme weather and subsidence claims accounted for almost two thirds of a total underwriting loss of £145.4m. The storms in January and February 1990 cost £40m. Over £20m was spent in reinstating reinsurance protection. The cost of subsidence claims rose to £47m compared with £15m in 1989.

There was a steady increase in claims from theft. CU noted a deterioration on its motor account and an escalation in large fires claims. The company paid 132 fire claims of £100,000 or over in 1990, with the total £58m over twice as much as the £24m paid out in 1989.

Mr Peter Ward, CU's general manager for trading operations in the UK, said yesterday that CU was "reviewing its options" about possible legal action over its investment in the failed Levitt Group. CU invested £7.35m in the financial services group last September. Mr Ward said yesterday: "We obviously feel we were conned."

GA plummets to loss of £121m

GENERAL ACCIDENT, the Perth-based general [illegible] life insurer, yesterday reported a pre-tax [illegible] of £121.3m for [illegible] compared with a profit of £147m in [illegible], writes Richard Lapper.

The [illegible] was fully in line with expectations. [illegible] underwriting losses rose from £203.8m to £461.7m, while investment income fell from £462.7m to £439.9m.

In the UK underwriting losses amounted to £230.9m, with weather-related losses net of reinsurance accounting for £71m of the total.

GA said there had been a deterioration across all accounts which had been particularly in the motor sector. There was a serious increase in losses from domestic [illegible] guarantee and creditor business [illegible] well as [illegible] arson [illegible] other crime-related claims.

However, [illegible] company [illegible] that [illegible] restructuring [illegible] currently underway [illegible] well as a series [illegible] premium [illegible] will [illegible] sufficient to restore profitability. This confidence [illegible] reflected in [illegible] decision to increase the dividend by 7 per cent to 26.75p, the final being 17.05p.

The restructuring, which involves a [illegible] overhaul of GA's branch network, [illegible] numbers, increase efficiency and improve customer service. GA is looking to reduce staff costs at its branches by 20 per cent and by [illegible] per cent [illegible] head office, according to Mr Nelson Robertson, chief general manager.

Mr Robertson said the process was now virtually complete in Scotland. A total of 1,000 jobs will eventually be axed, with the bulk of these cuts being achieved by natural wastage and voluntary redundancy.

Mr Robertson said GA was seeking a minimum 15 per cent increase in industrial risks business and was "walking away" from business where this was not achieved.

Motor rate increases were now being introduced quarterly. A 10 per cent increase in household structure rates was introduced this year and GA was now examining the possibility of charging extra premiums for people living in areas more prone [illegible].

A bright spot was the [illegible] of the [illegible] Bank, the [illegible] subsidiary acquired by General Accident in 1988. NZI's losses at the year end were sharply down at £8.3m compared with £47.6m in 1989. On the other hand, losses on the group's chain of estate agencies continue to be a source of [illegible], [illegible] to £23.3m (and [illegible] interest paid is [illegible]) compared to £20.5m (£22.6m).

Ashley Ashwood

Nelson Robertson - looking to reduce staff costs by 20 per cent and head office costs by 10 per cent

Wilkes agrees deal with Record

By Clare Pearson

JAMES WILKES, the engineer, has agreed to pay £3.6m for the outstanding 25.8 per cent stake held by fellow Sheffield-based company [illegible] Holdings, [illegible] hand [illegible] power [illegible] manufacturer, in [illegible] Allcard, the cutting tools concern which Wilkes acquired last August.

Along with the purchase of [illegible] small minority at the same price per share, [illegible] deal finally [illegible] Wilkes full [illegible] of Allcard, for which [illegible] fought an [illegible] bid battle with Record.

Record's "white knight" [illegible] Allcard, a private company also based in Sheffield, was thwarted in the summer after the failure of an [illegible] holders [illegible] 10 per [illegible] of [illegible] shares to [illegible] acceptances earlier given [illegible] Wilkes.

Mr Stephen Hinchliffe, chairman of Wilkes, said the acquisition of the minority, at 753p per ordinary share, meant Wilkes had paid about £13.5m in all for Allcard.

Mr Arnold Taberner, deputy chairman of Record, said the selling price had covered [illegible] company's [illegible] offer, apart from interest charges on holding the [illegible].

The announcement came as Record announced it had made pre-tax profits [illegible] £4.74m [illegible] £4.72m. Despite "dire" trading [illegible] it managed to increase margins after rationalising and [illegible]ising its business.

After [illegible] of [illegible] (£1.51m), earnings per share fell to 10.7p (11.4p). The [illegible] dividend is held at 2.45p, making 3.6p (3.45p) for the year.

The pre-tax line was struck after a £256,000 exceptional charge for the fall in value of investment in two quoted companies. Mr Taberner said they were in the tools industry.

Both export and home sales fell, cutting turnover to £34.85m (£37.74m). But the company said more than £1m of the decline was attributable to discontinued activities and a further £1m was down to currency translations.

Costs of a reorganisation, whereby Record has ceased supplying components to outside parties and is now concentrating solely on tool [illegible]turing, were [illegible] a £582,000 extraordinary charge.

Last month, Record sold its Electro tools distribution business to management.

Bradford & Bingley 15% higher at [illegible]

By David Barchard

BRADFORD & BINGLEY, the eighth largest UK building society, yesterday announced a 15 per cent rise in pre-tax profits to £101m for 1990.

During the year, the society's assets grew by 26 per cent to £9bn. After the planned merger with the ailing Leamington Spa Building Society, announced last weekend, the combined society will have total assets of £11.5bn. In 1990 it absorbed three very small societies through mergers.

Bradford & Bingley is the only top ten building society which has declined to tie with an insurance company under the Financial Services Act. It said yesterday that it intended to maintain its position as a provider of independent financial advice. It is also one of the societies most strongly committed to the retention of mutual status.

The society's mortgage lending in 1990 grew by 25 per cent to £2.18bn, while its share of the total building society mortgage market rose to more than 5 per cent, against 4.3 per cent in 1989.

There was a sharp increase in provisions against losses – from £770,000 to £9.3m – mostly on residential property lending.

Home improvement and personal loans made up 8 per cent of total advances. Retail savings placed with the society rose from £390m to £550m.

The number of investors rose from 1.5m to 1.7m.

Boardroom reshuffle at Marks and Spencer

By John Thornhill

MARKS AND SPENCER, the international retailing group, yesterday announced several board changes and confirmed that Mr Rick Greenbury would take over from Lord Rayner as chairman and chief executive from April 1.

Mr Greenbury's appointment was expected given that Lord Rayner had foreshadowed the announcement at the company's annual meeting last July.

But City analysts [illegible] slightly surprised by yesterday's elevation of Mr Clinton Silver, a managing director, to the post of deputy chairman.

Mr Silver, who is 62 this year, has already passed the company's normal retirement age of 60. But analysts thought that his extensive experience across several areas of the business would be of great benefit to the new chairman.

Mr Keith Oates, finance director, has also seen his executive hand strengthened through being appointed a managing director.

This means that there are now three managing directors at Marks and Spencer and the appointment perhaps marks Mr Oates as the coming man at the company's Baker Street headquarters.

Mr Chris Littmoden, a divisional director responsible for various financial functions, and Mr Paul Smith, a divisional director in charge of the company's Far Eastern operations, have also been appointed to the board.

Cityvision up 31% and adds 46 stores

By John Thornhill

CITYVISION yesterday announced a 31 per cent improvement in annual pre-tax profits and revealed that it was paying £2.4m cash for 46 stores from Video Store Group, the rival video rental company that went into receivership earlier this month.

The outlets, said to be in complementary locations to Cityvision's chain of 308 Ritz stores, are expected to turn over more than £4.5m a year and generate cash in excess of £1m.

The receivers for Video Store Group said they were delighted that the jobs of about half the group's 500 employees had been safe-guarded. They were hopeful of selling the remaining 50 stores.

In the year to November 30, Cityvision's pre-tax profits rose from £12.51m to £16.35m on sales ahead 71 per cent at £78.44m ([illegible]). All [illegible] growth came from the 280 stores which were opened during the period.

The company warned, however, that profits would fall in the current first half as the recession had effected the first six weeks' trading.

Since then, conditions had improved and sales were running at about 5 per cent below last year's levels.

Mr Terry Norris, managing director, said the outlook for the second half was more encouraging as demand was expected to rise further in response [illegible] the interest rate cuts and a £10m advertising campaign launched by the industry's trade body.

Fully diluted earnings per share rose from 7.07p to 7.35p. The board plans a final dividend of 0.5p, which will bring the yearly pay-out to 1p, up a third on the previous year.

● COMMENT

This has been a turbulent year for the video rental industry. Riven by disputes about depreciation policies of video titles, and ruffled by the effects of the recession and corporate collapses, the industry has emerged from 1990 in a far sorrier state than it entered it. Cityvision has endured its fair share of problems. The company's share price has fallen out of bed as a result of worries about the sector, its chairman has resigned over differences of policy and its accounting policies have been consistently queried. All this suggests that investors should have run a mile, preferably a year ago. And, given the [illegible]pany's gloomy prognosis [illegible] the first half of the year, they should not be in a hurry to return. Pre-tax profits this year may edge up to £17m, giving a prospective multiple of about 7. Cityvision is undoubtedly better placed than most of its rivals to take advantage of the market, but it will be worth waiting to see what kind of a market it turns out to be.

Saatchi and WPP attract sizeable US investment

By Alice Rawsthorn

THE BELEAGUERED British advertising industry yesterday showed it still has some appeal for US investors when two US fund management groups emerged as sizeable shareholders in WPP and Saatchi & Saatchi.

Pioneering Management Corporation, a Boston-based fund management company, announced that it held 3.3 per cent of WPP. The State of Wisconsin Investment Board disclosed that it had increased its stake in Saatchi's ordinary shares to 3.7 per cent.

Advertising agencies have traditionally been seen as attractive investments by US fund managers because of their high potential for cash generation.

PMC first invested in WPP last September when it bought just under 3 per cent of its shares at an average price of 400p. WPP's shares have since fallen sharply – to 62p yesterday – following its profits warning last December.

Mr Norman Kurland, vice-president international of PMC, said he "still had faith" in WPP and had taken advantage of its low share price to increase his holding further.

WPP is in the closing stages of a $1bn financial restructuring programme and it hopes to finalise proposals by the middle of next month.

Last week Saatchi announced revised proposals for its refinancing: swapping existing preference shares for new ordinaries, thereby increasing the number of ordinary shares tenfold.

Saatchi's shares, which were worth more than 200p a year ago, have also fallen in recent months. They firmed by ½p to 17½p yesterday.

Investment income provides spark [illegible] Pifco

By Michiyo Nakamoto

A strong gain from investment income lifted interim profits at Pifco Holdings, [illegible] appliance manufacturer, by 18 per [illegible] from £1.54m to [illegible].

Turnover for the six months [illegible] end-October was hurt by the slump in consumer [illegible] and edged [illegible] to £12.98m (£12.58m).

Investment income [illegible] by 82 per cent [illegible] (£296,000). The [illegible] concentrated its [illegible] in cash instruments, which enabled it to benefit from the high interest rates. "We're an old-style company," said Mr Michael Webber, chairman.

Trading profits, on the other hand, edged up [illegible] (£1.24m).

No particular division had shown strength but the company's wide range of products had enabled it to maintain a resilient performance in spite of the soft consumer market, Mr Webber said.

The interim dividend [illegible] raised to 3.5p (3.25p), payable from earnings per share of 14.7p ([illegible]).

Smith & Williamson in BES move

By John Authers

Smith [illegible] Williamson, the private bank, yesterday announced that it would sponsor a Business Expansion Scheme company which was discontinued when its original sponsor, Chancery, went into administration last week.

[illegible] scheme, originally known as Growth Assured and now re-named Home Secured Investments, will buy houses from tenants of The Mortgage Corporation who are in difficulties, and convert them into assured tenancies. TMC, which is a subsidiary of [illegible] Brothers, [illegible] US investment bank, has undertaken to buy back the properties at a fixed price in five years' time, lessening risk for investors.

This is one of several such schemes on the market, and various alternative sponsors have been approached since Chancery Corporate Finance's parent company went into liquidation last Monday.

Property sales in train as Eleco dips to £2.24m

By Clare Pearson

Pre-tax profits [illegible] Holdings, [illegible] building products and contracting company which [illegible] to withdraw from property development, were £2.24m in the half-year to end-December 1990.

That represented a 16 per cent decline on last time's £2.67m. On the 1989 result as restated to exclude [illegible]ued activities, the fall was 11 [illegible] to £2.52m.

Along with the results, Eleco yesterday announced that [illegible] had made its first significant property development disposal with the £4m sale of office [illegible] Stevenage.

[illegible] developments, property investments are not being accounted for as if they were discontinued. But Eleco does plan to [illegible] them. Initial [illegible]posals in the second half [illegible] last year were reflected in a [illegible] in rental income to [illegible] (£700,000) and swing round in the net interest position from £379,000 payable to [illegible] receivable.

Actual [illegible] costs incurred by discontinued activities during the period were £2.2m, the company said.

[illegible] interim dividend is maintained [illegible] 2.3p. Earnings [illegible] fell [illegible] a restated 5.6p.

DIVIDENDS ANNOUNCED

	[illegible]	Date of [illegible]	Corres - [illegible]	[illegible] for year	[illegible] year
BWD Securities § ......fin	0.75	Apr 8	2.75	1.75	3.75
[illegible] ......fin	[illegible]	June 7	0.5	1†	0.75
[illegible] Union ...fin	[illegible]	[illegible] 17	13.35	23	[illegible]
[illegible] ......fin	[illegible]	Apr [illegible]	[illegible]	24	21
French Prop Tst ......fin	[illegible]	Apr [illegible]	-	0.47	-
General Accident ....fin	17.05☆	July 1	16.25	26.75	25
Lasmo ......fin	4.75	May 2	5.5*	8.5	7.5*
Pifco ......int	3.5	Apr 26	[illegible]	-	[illegible]
Record Hldgs ......fin	2.45	May 31	[illegible]	3.78	[illegible]
St Modwen Props ....fin	[illegible]	Apr 11	1.4	0.5	1.4

Dividends shown pence per share net except where otherwise stated. *Eq[illegible] allowing for [illegible]. †On capital increased by [illegible] acquisition [illegible] scrip option.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's [illegible].

TODAY

Interims- Castle Communications, [illegible], Goodwin, High-Point, Intl Media [illegible]tron, Macro 4, Ossory Ests., SEET, [illegible] Jones, Sinclair Goldsmith, Whinney Mackay-Lewis.

Finals- Civil Resources, Courtaulds Textiles, Cowie (T), English & Overseas Props, Grafton, Greenwich Comms, Kleen-e-Ze, [illegible], Owners Abroad, Philips [illegible], Royal Insurance, Sanderson Murray & Elder.

FUTURE DATES

Interims-	
Kleinwort Dev Fund	Mar. [illegible]
Moorfield Estates	June [illegible]
Precious Metals Trust	Mar. [illegible]
Finals-	
Appleyard	Mar. 14
Ash & Lacy	Apr. 3
Baillie Gifford Tech.	Apr. 2
[illegible] (TF&JH)	Mar. 8
Bridon Ests	Apr. 24
City & Comm Inv Trust	Mar. 5
Colorgraphic	Mar. 19
Consolidated Venture Tst	Mar. 1
[illegible]	Mar. 11
Memec	Mar. 19
Pacer Systems	Mar. 5
Pentos	Mar. 7
RMC	Apr. 10
Redland	Mar. 28
Wilson Bowden	Mar. 21

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 [illegible] period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price [illegible]
0030	15.22	13.38	13.38
0100	19.22	15.69	[illegible]
0130	25.69	25.00	[illegible]
0200	25.69	25.00	[illegible]
0230	25.69	17.09	18.53
0300	19.95	15.69	17.11
0330	19.95	15.49	16.90
0400	15.46	13.46	13.46
0430	15.15	13.40	[illegible]
0500	14.90	13.37	[illegible]
0530	14.90	13.38	[illegible]
0600	14.90	13.39	13.39
0630	15.22	13.40	13.40
0700	19.17	17.86	19.35
0730	19.69	20.18	21.75
0800	19.89	25.70	[illegible]
0830	20.67	27.00	[illegible]
0900	28.28	27.00	28.67
0930	28.28	25.70	27.37
1000	26.28	25.70	[illegible]
1030	20.57	25.70	[illegible]
1100	20.87	29.75	[illegible]
1130	20.87	29.75	31.56
1200	20.87	29.75	31.55
1230	24.23	35.00	35.93
1300	24.23	35.00	36.94
1330	20.87	22.86	24.25
1400	20.87	20.90	22.47
1430	20.67	18.68	20.06
1500	20.87	19.29	20.88
1530	20.21	19.29	20.88
1600	20.90	20.90	22.46
1630	24.25	25.97	27.65
1700	24.25	25.79	28.49
1730	24.25	27.48	28.10
1800	24.25	27.44	29.05
1830	24.26	28.50	28.84
1900	24.26	28.41	27.98
1930	24.28	26.40	28.05
2000	24.27	25.92	27.38
2030	24.25	19.97	21.49
2100	20.98	19.18	20.68
2130	19.89	18.07	19.55
2200	19.89	17.19	18.85
2230	18.47	15.18	17.61
2300	15.22	13.40	13.40
2330	15.18	13.27	13.27
2400	15.16	13.28	13.28

[illegible] are determined for every half-hour in [illegible] twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, [illegible] £/MWh becomes 1.665p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of [illegible] of payments made [illegible] generators [illegible] of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

TECHNOLOGY

Small solutions to big problems

A technology group that many dismissed as capricious when it started in 1966 celebrates its 25th anniversary this year with a timely reply [redacted] critics. The Rugby-based Intermediate Technology Development Group (ITDG) is probably Britain's fastest growing overseas development agency, having doubled [redacted] staff in the last two years.

ITDG works with people in developing [redacted] design and develop technologies which are [redacted] for their needs and which contribute [redacted] their communities. It began after a newspaper article by Fritz Schumacher, who worked [redacted] Coal Board.

Schumacher's argument [redacted] that much [redacted] the large-scale technology that Britain exported to developing countries was too costly [redacted] labour-saving to be appropriate.

He suggested that smaller "intermediate" [redacted] was needed, in between the very costly and the primitive. If low-[redacted] but simple solutions [redacted] problems [redacted] developed, or [redacted] re-discovered, then Schumacher believed that local people would be the first to see their advantages and want to adopt [redacted].

Beginning [redacted] with a [redacted] donation, ITDG now employs more than 180 people – [redacted] a quarter based in developing [redacted] – and [redacted] annual [redacted].

Frank Almond, the group's chief executive, speaks of the enormous "growth of interest in 'intermediate technology ideas'". When ITDG started, however, it was viewed with suspicion by many in the developing world who wondered [redacted] a western-country plot [redacted] them [redacted] inferior technology.

The group [redacted] involved in designing and developing [redacted] technologies, often [redacted] ration [redacted] technology, university departments and [redacted] in developing countries. [redacted] range over agriculture, fisheries, food processing, building, [redacted], water, mining, transport and [redacted] training, [redacted] tion and information. "Often it's a matter of putting designs through [redacted] the commercial market-place," [redacted].

New designs have led to the development [redacted] small manufacturing [redacted] service businesses both in western and developing countries. In Nepal, for example, about a dozen small companies compete to make equipment for micro-hydro [redacted] systems.

Almond points [redacted] ITDG's work in helping to develop micro-hydro systems [redacted] one [redacted] its most significant achievements. These systems use [redacted] to [redacted] electricity for rural housing and industry such as as processing foodstuffs. "Micro-hydro has challenged the assumption that centralised power is the way," [redacted] Almond. "These small [redacted] are now widely [redacted] in rural [redacted] and have changed lives – not [redacted] because they allow [redacted] to [redacted] at night."

Helping people in famine-prone areas is another aspect of the group's work. In a dry part [redacted] north-west Kenya ITDG [redacted] helped to design [redacted] methods of harvesting rainwater for [redacted] production. Earth bunds (embankments) have been built to trap rainfall and yields [redacted] staple food, sorghum, have increased.

Building technology [redacted] figures prominently. In the Zimbabwe capital, Harare, 60 per cent of [redacted] seeking housing [redacted] afford even the cheapest [redacted] units. ITDG [redacted] working with a [redacted] organisation to [redacted] building materials for [redacted] production. [redacted] more jobs is one of ITDG's [redacted] aims [redacted] indirectly [redacted] result [redacted] a new design. [redacted] development in [redacted] of cooking [redacted] fuel consumption by 30 per cent, [redacted] many hundreds [redacted] people setting up small workshops [redacted] new-style [redacted] the demand.

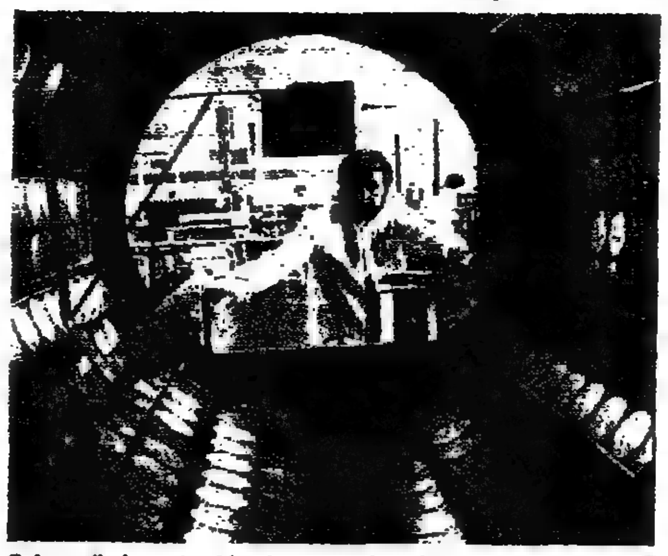
George McRobie, ITDG co-founder, [redacted] intermediate technology [redacted] are still not growing [redacted] enough [redacted] pressing needs. "If governments are [redacted] about rural development they [redacted] to change the [redacted] and favour [redacted] small against the big."

With many countries in the developing world strapped for cash, it may be financial reality rather than absolute conviction that persuades governments to take [redacted] technology ideas seriously.

John Madeley

Stewart Fleming examines Siemens' commitment to R&D

Splitting its image



Solar cells hope to shine in the market place

Last year Siemens, [redacted] German electronics company, [redacted] close [redacted] DM7bn (£2.4bn) [redacted] research and development as part of its effort to keep abreast of the intensifying competition in its core businesses. [redacted] range [redacted] telecommunications [redacted] factory automation and power-generating [redacted] computers. [redacted] international terms the [redacted] to [redacted] the biggest financial [redacted] to [redacted] any leading corporation.

[redacted] company has [redacted] nised that money alone will not buy [redacted] in the [redacted] develop and produce products which can compete [redacted] high-technology [redacted] the world. So [redacted] in the [redacted] of redirecting its [redacted] spending in a variety [redacted] in order to bring commercially exploitable innovations [redacted] rapidly [redacted] the market place. "We have begun to change [the way our] research [redacted] development is set up and also [redacted] change [redacted] attitude of the people," says Hans Gunter Danielmeyer, [redacted] Siemens [redacted] member responsible for [redacted].

[redacted] change involves becoming more selective [redacted] deciding what innovations to pursue [redacted] part of [redacted] effort to [redacted] the ultimate profitability of [redacted] investment. It is [redacted] seeking [redacted] accelerate the [redacted] of product innovation and make everybody involved in it sensitive to [redacted] and [redacted] the requirements of the market place. "We have [redacted] to [redacted] as clever [redacted] competitors in Japan," says [redacted] Guntersdorfer, a director of [redacted] research [redacted] development division.

[redacted] the shift [redacted] policy, [redacted] Danielmeyer, [redacted] far-reaching reorganisation of the corporate structure that Siemens [redacted] carried out, splitting the business up [redacted] independent business divisions. The new [redacted] organisation, [redacted] smaller [redacted] units [redacted] annual sales, creates increased pressure to [redacted] successful [redacted] the market place and [redacted] faster in developing [redacted] ideas. [redacted] restructuring [redacted] corporate [redacted] mirrored [redacted] being [redacted].

The company [redacted] the conclusion that its central R&D function was [redacted] large [redacted] that was not necessarily responsive enough either to the [redacted] of [redacted] businesses themselves [redacted] developments in [redacted] world. So [redacted] decision was taken [redacted] principle to [redacted] responsibility for R&D programmes to [redacted] divisions. "Our first preference [redacted] to get [redacted] division to [redacted] R&D," [redacted] Danielmeyer, adding [redacted] leaves the central R&D operation to [redacted] on longer-range issues.

One example of the different approach [redacted] Siemens [redacted] been adopting, according to Danielmeyer, is the [redacted] the [redacted] discovery made at [redacted] versity in California [redacted] 1962 – high-frequency signal processing using surface acoustic [redacted]. This innovation [redacted] been important in improving [redacted] quality of television sets.

[redacted] the discovery [redacted] try [redacted] develop [redacted] specific product, [redacted] television [redacted]. In 1975 it set up in the research department a process (production) [redacted] with [redacted] objective [redacted] making [redacted] not just [redacted] nically superior, but [redacted].

Embracing [redacted] "lead customer" concept [redacted] this case it also collaborated [redacted] television manufacturer Grundig in bringing [redacted] filter into full production.

More generally, Danielmeyer [redacted] that [redacted] the divisions [redacted] primary responsibility for R&D [redacted] problems (which [redacted] arise when research, development [redacted] production [redacted] done separately, including what he describes [redacted] "the [redacted] invented here syndrome") [redacted].

In addition, the feedback [redacted] different departments, production [redacted] sales, [redacted] ple, on how they [redacted] project [redacted] progressing [redacted] quickly. [redacted] speeds [redacted] the process [redacted] bringing [redacted] project to market, [redacted] necessary change now that product cycles have shortened from [redacted] 10 [redacted] years [redacted] a generation [redacted]. Danielmeyer points [redacted] products [redacted] than [redacted] years [redacted].

Increasingly, [redacted] leading Japanese competitors, [redacted] company is [redacted] expanding, [redacted] selectively, [redacted] to universities and [redacted] institutes. [redacted] is [redacted] to keep abreast of basic [redacted] and [redacted] identify [redacted] establish contact with [redacted] able scientists [redacted] researchers, not least with [redacted] to prospective recruitment [redacted] these relationships may throw up. [redacted] hopes to have [redacted] range of ideas [redacted] and to be able [redacted] select [redacted] pursue [redacted] that are ripe for [redacted] development.

As well as its links with German universities, [redacted] has relationships [redacted] Carnegie Mellon University in the US for software and Indiana University for circuit design. For example, Danielmeyer says that Siemens has not had a good position in the UK or France so far as links with universities or technical institutes are concerned. Partly through the acquisition with [redacted] of Plessey this is now changing.

[redacted] finding it advantageous to collaborate with other leading electronic companies. In [redacted] early [redacted] it began a collaboration programme with Fujitsu, the Japanese [redacted] concern which has [redacted] supplying Siemens with [redacted] largest mainframe computers, and with Fujitsu Fanuc, the Japanese company's robotics division.

It has also worked with [redacted] concern, on the development of a [redacted] computer memory chip. This project stems from an effort to [redacted] technological [redacted] with its [redacted] international [redacted] field of semiconductors.

With the benefit of its experience with Toshiba, Siemens has been working on the development of a [redacted] chip on its own. But it has [redacted] up with IBM, the US computer concern, to tackle the challenge of developing a [redacted] chip.

It is also breaking new ground [redacted] it is working with IBM. Previously on such a co-operative project [redacted] technicians working in Munich while IBM's operated separately in the US. [redacted] sent its people to the US to sit in the laboratory with IBM researchers.

The successful completion of this project would, [redacted] observers maintain, bring Siemens into the technological vanguard in the field of semiconductors. This is a [redacted] has been striving for [redacted] 20 years.

Because of its conviction that this technology is central [redacted] so many of its businesses, Siemens has [redacted] prepared to suffer persistent heavy losses in its semiconductor division throughout this period in order to stay in the technological race. It is evidence, and Danielmeyer says that there are other examples such as turbine development, of the company's ability to take a long-term view of its development even at the cost of its short-term financial performance.

Fuzzy picture for European HDTV

By Andrew Hill

High-definition television (HDTV) – the [redacted] promise [redacted] greatly improved picture quality – is an enticing prospect, for consumers and electronics groups [redacted]. But the European Commission is afraid this prize will slip from its grasp if it does not take decisive action soon.

Today in Brussels, broadcasting and electronics groups [redacted] meeting Filippo Maria Pandolfi, the EC technology commissioner, for informal discussions about whether the Commission should weaken or strengthen existing rules on broadcasting standards in an attempt to put its HDTV strategy back on the rails.

At the moment EC rules, framed five years ago and due for renewal next year, dictate that all direct broadcasting TV satellites must use D2-Mac as their standard, as an intermediate step towards HD-Mac, a full HDTV standard which should be adopted in 1995.

But the Commission's [redacted] ruling has been [redacted] by a number of developments – technological and commercial – including the [redacted] some [redacted] satellite TV viewers already receive pictures from the Astra satellite, which broadcasts via the traditional Pal [redacted] – used, among others, by Rupert Murdoch's British Sky Broadcasting – escaping the restrictions of the original EC directive because it is technically a telecommunications and not a television satellite.

Piqued by this, large electronics groups like Thomson Consumer Electronics of France and Philips of the Netherlands, which have invested heavily in the development of HDTV equipment, now fear the Commission will relax its original standards.

Discussions with Pandolfi will take place in private, but the debate between the main protagonists has been very public. Last week, according to Dutch press reports, Philips accused Société Européenne des Satellites (SES) – the quoted Luxembourg company which owns the Astra satellite – of abusing its position.

SES hit back with a special press conference in Brussels last Friday, at which Pierre Meyrat, the group's director general, denied claims that SES was running a disinformation campaign. SES, says Meyrat, is not opposed to the eventual introduction of Mac and favours a gradual approach which allows the industry to choose the path to an HDTV standard.

SES wanted to adopt Mac technology in 1988, but there was no Mac equipment available, he adds, citing proven consumer interest in Astra transmissions as the strongest reason for allowing Pal broadcasts to continue.

Electronics groups respond that the original Astra move – using the lower-powered telecom band to broadcast television pictures – was "very much against the spirit of the Mac directive".

The Commission is painfully aware of the risk that these EC companies will fall behind their Japanese rivals, which are already selling expensive first-generation HDTV sets, and the indications are that it will hold to its [redacted] approach. But there are several shades of opinion within the Brussels bureaucracy itself.

Pandolfi is said to favour toughening the earlier directive, while free-market commissioners like Martin Bangemann would like to see a relaxation of restrictions. Meanwhile, a third commissioner, Jean Dondelinger, who is responsible for the EC's audio visual affairs, has advocated a transition period to HDTV, which would protect existing consumers and broadcasters, and the adoption of a deadline for all satellite broadcasts to use a single [redacted] standard. Pandolfi advisers say [redacted] Dondelinger's "personal view".

The Commission's telecommunications and information industries directorate denies that the HDTV strategy is a mess, but officials concede that recent developments (for example, the progress in developing alternatives like digital television) have given the pot a further stir. As one official puts it: "[Such developments] have certainly prompted deeper reflection in the Commission about the whole [HDTV] philosophy: they make the picture a bit fuzzier."

BUSINESS LAW

Putting a price on pollution

By Christopher Napier

THE basic approach of government policy [redacted] the environment is that pollution should be prevented at source, and that the polluter should pay for the necessary controls.

Preventive action costs money. The potential financial burden on industry [redacted] enormous. Fortunately the government recognised in a white paper published [redacted] autumn that the [redacted] of [redacted] step in the better control of pollution should be measured against its beneficial effects on the environment.

Preventive action is at the heart of the integrated pollution control (IPC) system under the Environmental Protection Act 1990 (EPA), being introduced over the next five years from April 1.

IPC will cover the 5,000 most polluting plants, but many of its principles will be applied by local authorities to an estimated 27,000 further plants under the new air pollution control (APC) system. The EPA provisions on waste control, to come into force in 1992, will affect all businesses to varying degrees.

The implementation of these two control systems will, in practice, be driven not only by the statutory requirements of the EPA but also by developing government policy. The white paper envisages the adoption of a "critical loads" approach. This means that there will be assessments of the levels of pollution that can continue to be tolerated by local environments without significant damage, so that attention and costs can be focused on the most vulnerable areas.

Although the Environmental Protection Act imposes a duty on the Inspectorate of Pollution to require use of the best available technology and techniques to prevent or minimise pollution in industrial processes, the statutory long stop is that they should not entail costs excessive in relation to the environmental protection to be achieved.

It seems clear that this will be interpreted to mean costs excessive to a particular industry, taken as a whole; and that costs to a particular operator can no longer be pleaded to excuse updating of plant.

However, the discretion given to the inspectorate in implementing the IPC is considerable, and the overall result of government policy will be (where European Community [redacted] allows) that [redacted] will [redacted] imposed on industry [redacted] they will [redacted] maximum effect in improving the environment, and those improvements [redacted] seen by the public, rather than [redacted] reaching [redacted] objectives. [redacted] principles will [redacted] doubt [redacted] APC and [redacted] control.

Compliance itself [redacted] to [redacted] more expensive. Under [redacted] "polluter pays" [redacted] it is intended [redacted] who cause environmental damage will pay the bulk of the costs of regulation and enforcement, so that they have a clear incentive to act more responsibly.

The pollution inspectorate will make charges for authorisations under IPC (for the most polluting processes) based on a charge for each component authorised for discharge into the environment, and an annual charge. [redacted] significance to business at large is the plan [redacted] the National [redacted] Authority to recover £35m a year from those discharging into waters to cover the costs of water pollution control. Local authorities are also likely to introduce charging schemes for operating the new APC system. The costs of waste disposal look set to double.

[redacted] do not comply with the new [redacted] face fines of up to £20,000 in the magistrates' court, and unlimited fines in the Crown Court. Clean-up costs incurred by the enforcing authorities can also be recovered from the polluter, and may well exceed any fine.

The EPA requires local authorities [redacted] compile [redacted] land that [redacted] be contaminated, [redacted] on historical [redacted] incurred by owners in appeals against inclusion of their land on [redacted] register, and severe reduction in value may result if inclusion in the [redacted] is justified. [redacted] white paper [redacted] that [redacted] incurred in cleaning up such land can be recovered from the owner immediately or when he sells the land.

Encouragingly, the white paper specifically points [redacted] areas of possible cost offset. It canvasses making greater use [redacted] "market-based" or "economic" instruments to supplement regulation, for example, tradable permits to pollute.

Preventing and minimising emissions to the environment, waste minimisation, and recycling, are expected to show savings to industry by reduction [redacted] in compliance costs, [redacted] disposal [redacted] and [redacted] costs, and will reduce the [redacted] of massive clean up costs at a [redacted] date.

[redacted] prospect [redacted] a market [redacted] pollution [redacted] minimisation equipment [redacted] at £25m in Europe and £100bn [redacted].

Some [redacted] by grant aid [redacted] which [redacted] white [redacted] recognises as important.

But will there be [redacted] obvious financial consequences of government policy on the environment? One area which should not be overlooked is civil liability.

The government [redacted] seem to regard [redacted] introduction [redacted] retrospective civil liability as [redacted] means [redacted] recover the [redacted] clean-up [redacted] contaminated land. [redacted] plans therefore for environmental litigation similar to that in the US where, it has been alleged, more money goes on legal and scientific costs than on actual clean-up.

Many countries are considering the introduction of strict (but [redacted] retrospective) [redacted] liability [redacted] provide additional [redacted] polluters [redacted] out their activities with a greater degree [redacted] care, [redacted] would [redacted] financial implications [redacted] industry [redacted] underwri[redacted].

The [redacted] little [redacted] on [redacted] subject, however. [redacted] it [redacted] that [redacted] strict civil liability [redacted] environmental [redacted] that it might be difficult [redacted] obtain [redacted] cover [redacted] environmental [redacted].

By [redacted] ment [redacted] liability the government [redacted] tent [redacted] the present position whereby an injured party has in [redacted] cases [redacted] prove damage [redacted] health [redacted] property [redacted].

[redacted] of specific commitment [redacted] an [redacted] sion of [redacted] can only amount [redacted] temporary reprieve because the white paper also recognises the [redacted] in EC policy, which is active in this area.

The draft directive on civil liability [redacted] provides [redacted] (but not retrospective) civil liability on [redacted] who generate [redacted] and dispose of it. [redacted] will also allow environmental interest groups to bring proceedings (where national [redacted] permits) [redacted] cessation of acts causing injury to [redacted] environment and, although they will not [redacted] able [redacted] recover damages, it [redacted] permit courts [redacted] order reimbursement [redacted] costs incurred by such groups in taking measures to [redacted] affected environment. Directives [redacted] civil [redacted] ity [redacted] environmental damage caused by atmospheric and [redacted] pollution [redacted] follow in due course.

So, [redacted] if the government will [redacted] be "pro-active", it is content to allow it to become easier for plaintiffs to win civil proceedings. This will have consequences for insurance cover and for the level of premiums, as well as direct costs in circumstances not covered by insurance.

Furthermore, the white [redacted] as spurs to successful civil litigation. Emphasis is placed on monitoring pollution more effectively, in the collection of data and the production of statistics – and in making the results public. This is apart from the provisions of the EPA for public access to environmental information held by government departments, and which will be required by the EPA to be supplied to the regulatory bodies by polluters.

Access to information previously unobtainable is likely to enable plaintiffs to overcome the problem of proving causation between particular emissions or waste and damage to health or property which has been one of the main barriers to civil proceedings to date.

As part of the tougher line on polluters the white paper approves the large number of prosecutions being brought by the National Rivers Authority, and expects that the pollution inspectorate and local authorities will follow that lead in due course. Successful prosecutions tend to lead to successful civil actions on the same facts.

So while the general message of government policy is that business – and subsequently the consumer – must accept increased costs as the price for a cleaner environment, there is recognition that the pace should be one acceptable to business and the economy.

[redacted] author [redacted] a partner in the [redacted] of the [redacted] Chance

COMMODITIES AND AGRICULTURE

EC Commission agrees support cuts

By David Gardner in Brussels

THE EUROPEAN Commission yesterday agreed [illegible] a new round of cuts in farm price support for most EC produce, and also established the option [illegible] cereals *farmers of accepting* lower prices or taking land out of production.

[illegible] latter was the [illegible] Mr Ray MacSharry, EC agriculture commissioner, got to the reforms he put forward earlier this year. [illegible] advocated very heavy cuts in cereals prices, with full compensation for small farmers and between *two thirds and three quarters* refund [illegible] medium to large farmers, if they set aside land.

Yesterday's package how[illegible], was largely conventional and aimed at keeping the farm budget within its prescribed guideline. Reform of the Common Agricultural Policy, already under fire from EC farm ministers, is on hold until Mr MacSharry comes up with detailed proposals once [illegible] year's price fix is out of the [illegible].

Assuming member states approve the cuts, spending on price support is to rise by a record 30 per cent *this year, to* [illegible] (Sterling 23bn) from Ecu25.1bn [illegible] year. This assumes savings from prices of Ecu540m and a supplementary budget to bring the budget agreed last December up to the full amount allowed under the "guideline" agreed in February 1988.

The co-responsibility levy, or *production tax, on cereals is to* rise from 3 to [illegible] per cent, but [illegible] will [illegible] exemption from the levy if they take [illegible] per cent of their land out of production. This measure is designed to [illegible] overproduction, with [illegible] stocks currently near their historic high at 18m tonnes, and expected to rise.

The commission announced yesterday, however, that [illegible] 1990 cereals harvest came in at 159.7m tonnes, [illegible]onally below the 160m tonnes level at which a 3 per cent "stabiliser" price cut is levied as a penalty on oversupply.

The intervention price for hard wheat is dropped 7 per cent, with the support price on oilseeds cut by 3 per cent. Rice and peas prices are also to be cut by [illegible] per cent.

Sugar prices are cut by [illegible] per cent, while the price of wine *stays the same,* but aid to distill it for storage will be reduced. [illegible] *support* prices are to be cut by 10 per cent, and not 15 per cent as Mr MacSharry had originally proposed, in what is understood [illegible] Greece, where most EC tobacco pro[illegible] is [illegible].

In the beef sector, the source of the farm budget's biggest cost overrun and biggest inter[illegible] stockpile, the [illegible]gency [illegible] net which [illegible]mitted the EC to buying in almost limitless amounts of surplus is to be abolished. Furthermore, *there is to* be an [illegible] per cent lowering of the level to which market prices have to fall before ordinary intervention takes place. This means that if the beef market shakes itself out and returns to any semblance of normality, EC buying in of beef would virtually cease. The price of sheepmeat is to be cut by 2 per cent.

The milk quota, as expected, is to be reduced by 2 per cent, and the commission will be looking at adjusting intervention in [illegible] dairy [illegible] to [illegible] there is [illegible] price cut as such.

Delors fails to raise budget ceiling

By David Gardner

THE EUROPEAN Commission yesterday pulled back from breaking the EC's limit on farm spending this year, defeating a proposal by Mr Jacques Delors, its powerful president, to raise the agricultural budget above the binding "guideline".

Spending will in any case rise by a record Ecu7.4bn (£5.2bn) to Ecu32.5bn. But – at the price of substantial cuts – it will be kept just below the ceiling that member states fixed in February 1988 to avoid any recurrence of the community budget [illegible] of the early to mid-1980s.

The cuts were "the minimum required" to restore some semblance of balance to a *chronically oversupplied* food [illegible] ahead of [illegible] plans for a through reform of the Common Agricultural Policy [illegible] Mr Ray MacSharry, EC agriculture commissioner said yesterday.

Mr Delors had surprised his colleagues [illegible] proposing an Ecu1.3bn increase over the "guideline" to cover the agricultural cost of [illegible] unification. After a long and occasionally heated debate lasting most of yesterday he was outvoted 10 to 3, with two commissioners absent.

Only last week, Mr Delors had emphasised the need [illegible] stay within the guideline to the European Parliament. Shortly afterwards, he told the French Socialist Party's agriculture committee that "the CAP is at the heart of a potential [illegible]" of the EC.

Mr MacSharry is understood to [illegible] that a breach in the budgetary limit would leave [illegible] commission open to charges of mismanagement, [illegible] damage the [illegible] of reform by signalling a willingness to throw money at the EC's deepening farm crisis.

The cuts agreed yesterday [illegible] affect cereals, milk, and beef, which are being produced at levels far above EC demand. They are consequently ending up in storage at the taxpayers' expense, or dumped abroad to the cost of [illegible] like the US and the 14-nation Cairns Group of agro-exporters led by Australia, which are demanding severe farm subsidy cuts from the EC within the Uruguay Round trade liberalisation talks.

The eventual success of the round depends on CAP reform, and had the commission attempted to breach EC spending limits, its longer-term commitment to reducing farm price support "wouldn't have looked very serious", a Cairns Group diplomat said yesterday.

Reform plan goes against the grain

In the first of four articles looking at member countries' attitudes to proposals for redirecting EC farm price support, George Graham finds the French government and farmers united in opposition

FRANCE'S FARMERS gave their government a hard time last summer *with a series of often violent* demonstrations against [illegible] slowness to block imports of East European meat or to compensate for [illegible] of drought.

The new agriculture minister, Mr Louis Mermaz, has now found common ground with Mr Raymond Lacombe, chairman of the [illegible] Nationale des Syndicats d'Exploitants Agricoles (FNSEA), the principal French farming union, inopposition to [illegible] proposals put forward by the European Commission *for a reform of the* Common Agricultural Policy.

"A masterly error," thundered Mr Lacombe, last week, echoing Mr Mermaz's description of the proposals laid out by Mr Ray MacSharry, the agriculture commissioner, as "unacceptable".

Both the minister and the farmers are agreed on one thing: farm incomes must continue to be derived principally from the price of the crops produced, rather than from some form of "social income" *designed to compensate farmers* for further drops in price.

"No-one wants to be turned into a glorified civil servant paid to cut the hedges and unable to survive on what he produces," comments one *FNSEA official.*

In some sectors of French farming, especially beef and sheep rearing, government and EC subsidies of one kind or another already account for as much as half of total income. The picture varies widely, however, according to the type of farming operation.

Among the few details of the MacSharry proposals that have so far emerged is a plan to cut farm produce prices and to compensate for this with a form of income support [illegible]lated to production, concentrated on farms of less than 30 hectares.

At first sight, this might seem to suit French agriculture, for the average size of a farm in 1988 was 28 hectares.

These figures, however, are tilted by the weight of vineyards, orchards and market gardens in the country's overall production, where smaller acreages are needed. In addition, the trend over recent years has been towards rapid concentration.

From an average of 19 [illegible] in 1970, French farms increased in size to 23 hectares in 1979 and to 28 hectares in 1988 – the fourth biggest average in the EC, behind the UK (64.4 ha), Denmark (32.2 ha) and Luxembourg (30.2 ha). On current trends, French farms will average over 36 hectares by the year 2000.

In cereal production, although French farming is not as concentrated as the UK's, the 30 hectare cut-off point would hit virtually all producers, exempting only a handful who produce [illegible] principally to feed their own livestock.

"Over 50 per cent of French cereal farms are among the 20 per cent of EC farms which account for 80 per cent of cereal production, and these are all over 30 hectares. If you penalise the 20 per cent with the biggest acreages, you penalise everyone who really draws their income from cereals," an *FNSEA official* argues.

Mr Henri de Benoist, president of the French wheat-growers association, is also critical of the commission proposals, which he sees as going against the grain of history.

"You understand the ideological dream of a countryside covered with 30 to 40 hectare farms, but this dream is the opposite of everything we have been pushed into doing for years now," he said last week, complaining that the commission wanted two policies, agricultural and social, for the price of one.

With young people more and more reluctant to take up farming, the trend towards larger farms and fewer farmers appears ineluctable.

Out of about 1m farmers today, 600,000 are over 50 years old, and 400,000 of these, cultivating a total of 7m hectares between them, say they do not know who will succeed them when they retire.

A total of 30,000 farms close each year, with bankruptcy now accounting for a rising proportion on top of retirement, but only about 10,000 young farmers a year set up in business.

With this long term trend in mind, farm union leaders are open to the idea of a more [illegible] approach to helping farmers whose economic position is manifestly not likely to improve – to withdraw gracefully – *like the plan now* applied to dairy farmers. They also accept that something must be done, in the interests of preserving the environment, to brake the trend to ever more intensive farming techniques.

French farmers argue, however, that the MacSharry proposals would actually favour battery farming techniques by driving cereal farmers to starting rearing livestock fed with the grains they produce, rather than selling their crops at unrealistically low prices on the market.

"We want to find a policy which doesn't continually force farmers to compensate for falling prices by increasing volumes," an FNSEA official concludes.

French farm income trends

Sector	Change in income in 1990	Proportion of subsidies in income	Change in income ex-subsidies
Cereals	-9.2%	8.8%	-12.1%
Market gardening	+0.6%	6.2%	-0.6%
Quality wines	+25.3	1.0%	+25.4%
Ordinary wines	+31.0%	6.9%	+33.5%
Fruit	+49.7%	3.2%	+50.6%
Dairy	+3.1%	13.5%	-0.8%
Beef	+5.1%	44.0%	-6.4%
[illegible]	+2.3%	63.3%	-20.4%
All farms	+5.1%	11.7%	+2.4%

Source: SCEES, Ministère de l'Agriculture

Chilean copper company plans $700m investment over 5 years

By Leslie Crawford in Santiago

CODELCO, THE Chilean state copper corporation, plans to invest $708m in new mining projects over the next five years to compensate for falling production and declining ore grades at its four main mining [illegible].

The world's biggest copper producer hopes these investments will boost its output of fine copper to 1.28m tonnes by the mid-1990s. Codelco's production peaked in 1989 at 1.24m tonnes – supplying close to 15 *per cent of global demand* – but rock bursts at its El Teniente underground mine lowered production to 1.20m [illegible] last year.

Mr Alejandro Noemi, Codelco's president, forecasts that output will fall further to 1.17m tonnes in 1991, mainly because El Teniente's tunnels are being strengthened and an important section of [illegible] primary rock will not be safe to exploit [illegible] the second half of this year.

Mr Noemi is anxiously awaiting the passing by the Chilean Congress of legislation allowing Codelco to form joint ventures with domestic or foreign mining companies. The draft Bill has already been presented to Congress and it is expected to be approved without opposition. Codelco's expansion plans are ambitious even for this state giant, and *finding partners in the private* sector would lighten the burden of [illegible] investment costs.

The company is currently drawing up a portfolio of potential projects. Top of the list is Pampa Norte, which lies only eight kilometres (five miles) to the north of Chuquicamata, the world's biggest open-pit copper mine. Pampa Norte has some 500m tonnes of proven reserves and would require about $280m to develop.

Codelco is also planning to recover copper from the mountains of tailings (ore which has already been processed) at Chuquicamata. The process is called heap leaching, and involves sprinkling the tailings with solvents and extracting [illegible] which percolates to the bottom. This will require an investment of $50m.

Andina, Codelco's third-largest division, is regarded as the mine which has the greatest potential for expansion. But Andina's location high up in the Andes forces it to close during the most bitter winter months. Codelco aims to invest $220m to expand operations there and to develop the technology needed to keep the mine open all the year round.

Higher than expected copper prices boosted Codelco's profits to $1.53bn last year from the initially forecast $769m. Mr Noemi says the company is trying to shield itself against an expected downfall in the price of the red metal by negotiating forward contracts at 110 cents a lb. In 1990, Codelco sold its copper at an average price of 118.8 cents a lb.

● Kenneth Gooding writes: Codelco's planned investment might not be enough to ensure that the group maintained copper output at past levels, analysts suggested last night. Questions were also asked about whether the group would be able to raise the necessary finance.

"The company has said in the past that it needs to spend US$250m a year just to keep its output standing still," said Mr Simon Hobson, a director of Metals and Minerals Research Services. "We concur with that assessment and believe Codelco needs to spend more than $1bn in the next five years."

He pointed out that the group was suffering badly from severe under-investment during the last years of the Pinochet regime in Chile.

In MMRS's Base Metal Concentrates newsletter, just published, Mr Hobson suggested that Codelco's output of copper would drop to 1.5m tonnes this year, to 1.1m tonnes in 1992 and to only 1m tonnes in 1993. "Output will fall until the new leaching plants come into operation, possibly in 1993," he said.

Mr Hobson says that, while Codelco's net operating [illegible] enable it to produce copper for under 50 cents a lb, the full cost of producing primary refined metal recently have been about 90 cents a lb. The group faces high investment in housing and infrastructure work and the Chilean state's "take" is very high.

"Base Metal Concentrates," £650 for six copies a year from MMRS, 2 Henry Street, Bath, Avon BA1 1JT, England.

Argentine growers negotiating rescue package with government

By John Barham in Buenos Aires

ARGENTINE FARM leaders [illegible] government officials are negotiating a formula to to [illegible] the farmers' [illegible]ing financial difficulties. Farm[illegible] say they can no longer cover their costs and some *threaten to begin national protests on* [illegible] 12.

Mr Domingo Cavall, the economy minister, offered on Tuesday to reduce some of the taxes introduced in an emergency tax package [illegible] *month and to lend farmers* [illegible] co-operatives US$120m. He also said export taxes would be reduced.

However, the [illegible] demanded that farmers comply with their normal tax commit*ments. Tax evasion* is [illegible] in Argentina.

Farm leaders say a fearsome [illegible] rising [illegible], falling prices, rising taxes and dwindling loans is driving them into bankruptcy. Farmers [illegible] they must pay on added [illegible] in emergency taxes, while [illegible] already exceed $500m.

Coninagro, an umbrella [illegible] for farm co-operatives, says farmers must refinance half their loans to stay in [illegible]. More than 20 per cent of *outstanding* loans are in arrears.

Furthermore, world prices, particularly for wheat, have slumped as a result of the US and European Community farm subsidies.

Argentine analysts say that although Argentina is one of the world's most efficient agricultural nations wheat prices cover only 29 per cent of production costs, while soyabean prices cover 60 per cent of costs.

The government has devalued the currency by 40 per cent since the beginning of the year. But a heavy increase in inflation has largely nullified the increase in farmers' export [illegible] Mr *Leonida Gasoni* the leader of one of Argentina's four farm organisations, says the cost of most inputs are tied directly to the exchange rate.

Nonetheless, fuel prices have fallen sharply in dollar terms since last November and the government has abolished highway tolls that added 30 per cent to transport costs.

Despite the grim outlook, Argentine farmers are expected to produce their second consecutive bumper crop this year. Mr Eduardo de Zavalia, president of the Argentine Rural Society, which represents the largest farms, said fine weather had helped to offset lower spending on farm inputs.

Mr Martin Blaquier, the chief financial officer of Molinos Rio de la Plata, a leading food processing company, suggested: "If farmers are sticking it out, it is because they know that in the long term farming in Argentina is very profitable."

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD AND silver prices continued to edge up from their recent lows yesterday but were again outperformed by the platinum price, which added another $6.50 to Tuesday's $7.85 rally, reaching $393.50 a troy ounce, the highest level for nearly four weeks. Dealers explained that the platinum market had been buoyed by overnight Japanese buying. At the London Metal Exchange copper extended its cautious rally to five days and at the close was testing what dealers described as a "key chart point". But they did not seem very bullish about [illegible] price outlook. "It was yet another attempt on the $2,450 level," one said. Recent moves above that level had failed and another inconclusive break could prompt a substantial retracement, he added. At the London Futures and Options Exchange coffee prices fell sharply as short-covering by computer funds dried up. "Chartwise the market seems to have failed to make any recovery, so we're also seeing some liquidation," commented one trader. Freight futures were stronger, reflecting a sharpish [illegible] in the Baltic Freight Index prompted by general optimism in the Pacific and Atlantic time charter markets.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	[illegible]	+.45
Brent Blend (dated)	[illegible]	+.625
Brent Blend (April)	[illegible]	+.625
W.T.I. (1 pm est)	[illegible]	+.45
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	[illegible]	+11
Gas Oil	$213-216	
Heavy Fuel Oil	$72-74	+1
Naphtha	$221-224	+10
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$359.45	+0.70
Silver (per troy oz)♣	[illegible]	+1.50
Platinum (per troy oz)	$393.50	+6.50
Palladium (per troy oz)	$82.50	[illegible]
Aluminium (free market)	$1550.0	+5.0
Copper (US Producer)	[illegible]	-0.75
Lead (US Producer)	35¾c	
Nickel (free market)	402c	+1
Tin (Kuala Lumpur market)	15.04r	-0.04
Tin (New York)	261.5c	[illegible]
Zinc (US Prime Western)	[illegible]	
Cattle (live weight)†	107.57p	[illegible]
Sheep (dead weight)†	148.68p	+11.6*
Pigs (live weight)†	86.88p	+1.85*

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	197.00	[illegible]
Oct	[illegible]	[illegible]	190.80	189.00
[illegible]	199.80	193.80	190.00	190.00
[illegible]	[illegible]	191.80	197.40	187.80
[illegible]	[illegible]		199.80	189.80
White	**Close**	**Previous**	**High/Low**	
May	[illegible]	[illegible]	303.0	289.0
Aug	298.5	297.0	299.0	289.0
Oct	[illegible]	263.0	270.0	262.0
[illegible]	255.5	256.0	254.5	255.0
Mar	271.0	[illegible]	270.0	262.0

Turnover: Raw 2936 (1654) lots of 50 tonnes. White 1306 (1408)
Paris- White (FFr per tonne): May 1555, Aug [illegible] Oct 1413.

CRUDE OIL – IPE

	Latest	Previous	High/Low	
Apr	[illegible]	[illegible]	17.85	17.50
May	17.05	[illegible]	[illegible]	[illegible]
Jun	16.70	16.44	16.85	16.70
Jul	16.75		16.65	16.60
IPE Index	17.02	[illegible]		

Turnover 13007 [illegible]

GAS OIL – IPE

[illegible]

LONDON STOCK EXCHANGE

Rate cuts boost confidence in equities

Account Dealing Dates

*First Dealings:	Feb 11	Feb 25	Mar 11
Option Declarations:	Feb 21	Mar 7	Mar 21
Last Dealings:	Feb 22	Mar 8	Mar 22
Account Day:	Mar 4	Mar 18	Apr 8

*New-time dealings may take place from 8.30 am two business days earlier.

FURTHER CUTS in domestic base rates yesterday laid the basis for a recovery in [illegible] stocks. With the running taken up later by a firm start to the new Wall Street session, London [illegible] at the best level of the day, with a 25.9 points [illegible] returning it to the FT-SE 2,350 area.

Market volume, as [illegible] by the Seaq electronic trading system, increased sharply as the move to 13 [illegible] rates was seen as confirmation that UK rates [illegible] firmly on the [illegible] trend. However, it was Wall Street's opening strength, [illegible] with [illegible] mined buying of the London stock futures market, that supplied the closing boost.

The market closed very firmly, although still [illegible] what [illegible] ahead of the [illegible] this morning of trading [illegible] from ICI, still the market's most widely recognised stock, and Glaxo, the pharmaceutical leader which features in most institutional portfolios.

In early deals, institutions [illegible] inclined either to [illegible] profits or to stay [illegible] of the stock [illegible] following [illegible] night weakness in New York and Tokyo. However, with the London money [illegible] still [illegible] on the interest [illegible] outlook, equities steadied [illegible] the FT-SE Index dipped to within six points of the 2,300 mark, regarded as the [illegible] support level. Share prices [illegible] already rallying when the Bank of England's signal for a half point [illegible] in [illegible] rates set the [illegible] for a change of direction.

Equity strategists took the view [illegible] yesterday's cut in lending [illegible] had been well-discounted in the stock market and that further reductions on Budget Day [illegible] thereafter [illegible] be [illegible]. At County NatWest, Mr John Reynolds [illegible] the base rate [illegible] "one of a series we are looking for."

The [illegible] market soon climbed into plus territory but the advance in share prices [illegible] fairly modest – 6 points on the Footsie – until London [illegible] that Wall Street [illegible] likely to respond favourably to expectations that the Gulf conflict might be resolved soon.

When New York came in with a gain of 26 Dow points in London trading hours, the UK market moved up strongly. The final reading showed the FT-SE Index at 2,348.0 for a gain on the day of 25.8 points. Seaq volume increased to 603.2m shares [illegible] Tuesday's [illegible].

Anticipation of an early end to the Gulf conflict was also reflected in strong rise in [illegible] line and tourist [illegible] which [illegible] been hard hit by the [illegible] effects on the tourist industry of the terrorist [illegible] cerns involved. [illegible] the chief impetus behind the late rise in the market [illegible] from all stocks which responded readily to the early strength shown on Wall Street.

Bank stocks improved as the base rate cuts suggested some improvement in bad debt positions and helped steady nerves rattled by this week's trading figures from the leading UK high street bankers. The insurance sector survived the opening of the results season without [illegible] much difficulty as both Commercial Union and General Accident [illegible] relatively calmly to respective trading results.

The immediate outlook for the stock market is likely to be decided by the prospects for an early termination to the [illegible] in the Gulf. [illegible] tainty of [illegible] is always bad for investment confidence. But yesterday's cut in base rates has confirmed the underlying view that lower UK [illegible] will boost [illegible] prices [illegible] medium term.

FINANCIAL TIMES STOCK INDICES

	Feb 27	Feb 26	Feb 25	Feb 22	Feb 21	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	85.39	85.39	85.65	85.57	85.72	[illegible]	85.88 (19/2/91)	74.13 [illegible]	127.4 [illegible]	49.18 (3/1/75)
Fixed Interest	93.56	93.60	93.83	94.18	[illegible]	[illegible]	94.23 [illegible]	83.80 [illegible]	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	[illegible]	[illegible]	1866.5	[illegible]	1844.6	1781.4	1968.3 (3/1/90)	1510.4 (24/8/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	134.4	131.2	128.4	127.0	130.2	[illegible]	378.5 (6/2/90)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2348.0	2322.2	[illegible]	[illegible]	2312.4	2255.4	2463.7 (3/1/90)	1990.2 (28/9/90)	[illegible]	986.9 (23/7/84)
FT-SE [illegible] 200	1083.75	[illegible]	[illegible]	-	-	-	-	-	-	-

	Feb 27	Feb 26	Feb 25	Feb 22	Feb 21	Year Ago
Ord Div. Yield	5.14	5.19	[illegible]	5.21	5.22	[illegible]
Earning Yld %(full)	10.72	10.82	10.75	10.86	10.87	[illegible]
P/E Ratio(Net)(☆)	11.28	11.17	11.25	11.13	11.13	10.38
SEAQ Bargains 4.45pm	31,226	29,911	[illegible]	[illegible]	[illegible]	[illegible]
Equity Turnover(£m)†	-	895.73	926.63	829.14	[illegible]	[illegible]
Equity Bargains†	-	31,227	[illegible]	31,906	[illegible]	[illegible]
[illegible] (m)†	-	420.9	468.3	395.4	482.1	305.6

[illegible] 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Base 1000 FT-SE 100 31/12/83 § FT-SE [illegible] 200 [illegible] ☆ [illegible] 11.09

Ordinary [illegible] Index, Hourly changes — Day's High 18[illegible] — Day's Low 1841.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1851.3	1843.6	1853.3	1851.9	1857.7	1860.6	1863.9	1861.5	1866.5

FT-SE 100, Hourly changes — Day's High [illegible] — Day's Low 2306.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2318.5	2310.4	2318.3	2318.4	[illegible]	[illegible]	[illegible]	2333.2	2338.6

FT-SE Eurotrack 200, hourly changes — Day's High [illegible] — Day's Low 1072.84

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1072.88	1074.70	1076.26	1079.94	1081.62	1084.54	1083.38

GILT EDGED ACTIVITY

Indices*	Feb 26	Feb 25
Gilt Edged Bargains	107.2	93.4
5 – Day average	97.6	95.3

*SE Activity [illegible]
†Excluding intra-market [illegible] & Overseas [illegible]

London report and latest [illegible] index: Tel. 0898 [illegible]

Oil stocks advance strongly

[illegible] indications [illegible] world crude oil prices might [illegible] rather [illegible] the $12 previously feared, and bullish positions from brokers, [illegible] that oil [illegible] were healthy.

Fears of an oil glut [illegible] by a report that [illegible] of the Kuwaiti Central Bank had announced [illegible] country [illegible] be [illegible] to produce oil for the [illegible] nine months.

The initial impetus [illegible] in the [illegible] came from a strong end-of-year [illegible] by Lasmo, [illegible] pre-tax profits rise by [illegible] to £110.7m [illegible] levels.

The shares climbed 13 to 368p on a turnover of 4.1m, helped by a buy recommendation from NatWest, the investment bank. It was [illegible] by KleinWort Benson, the merchant bank.

Ultramar, the [illegible] American refiner, which is to release [illegible] week, was another beneficiary of [illegible] tion from the two investment houses. It advanced 14 to 340p on turnover of 3.4m, in what one marketmaker described as a "good old fashioned bear squeeze" prompted by European buying.

Mr Steve Miller of NatWest said: "The cyclical upswing in refining will benefit Ultramar and, as far as Lasmo is concerned, we believe the fall in the price of crude oil had been discounted and the shares are trading at a discount to asset value."

Shell and BP were up on strong turnover. Shell picked up 10 to 464p on a turnover of 6.6m and BP added 7 at 327p as turnover reached 5m.

Finally, Century Oil gained 5 to 125p [illegible] rejected an "unwelcome, unsolicited and [illegible] inadequate offer" from Fuchs, German [illegible] and distributor of lubricants.

Land Secs [illegible]

The property [illegible] the logic of falling [illegible] and the upward momentum [illegible] by losing ground yesterday.

[illegible] for the [illegible] that [illegible] had been discounted, although [illegible] to point to jitters [illegible] individual stocks than [illegible] macroeconomic change. As an illustration of these [illegible] Smith New Court [illegible] reliably said to be cutting its [illegible] on Land Securities (Land) this morning. The securities [illegible] from a [illegible] 710p, [illegible] of the [illegible] of analysts' estimates. Smith is reported to be concerned at falling rental [illegible]. Land [illegible] revalues [illegible] on March 31, although the figures [illegible] publicly released until the [illegible] of May.

Land [illegible] lost 7 to 540p; the [illegible] is [illegible] than twice the size of the next biggest listed property [illegible] fortunes are [illegible] interpreted as a downgrading [illegible] whole sector. MEPC [illegible] 2 at [illegible], having been as low as 518p at one stage, while Slough Estates dropped [illegible] before ending 7 lower on the day [illegible]. Volume [illegible] in Hammerson, where only 111,000 changed hands, a symptom of [illegible] shortage [illegible] in a price rise of [illegible] to 674p.

Insurers mixed

Composite insurances had a mixed day as the [illegible] season shifted into top gear. Commercial Union advanced 11 to 527p after posting full year [illegible] of £1.4m, compared with [illegible] last [illegible]. General Accident [illegible] 6 to 445p after it revealed a loss of £121m, against a profit of £147m.

While CU's figures were close to analysts' expectations, GA's dividend was at the bottom of the range of [illegible] the year-end solvency was sharply [illegible] asset value was "very disappointing", according to Mr Ian Mac[illegible] at County NatWest. He rated both stocks a sell, on the grounds that neither had much flexibility in dividend, thus [illegible] growth would hit [illegible] asset values. BZW is also recommending clients to sell both stocks.

International stocks ran into profit-taking after their good run, losing ground while the rest of the market ran ahead. Today sees full year results from Glaxo and ICI.

Glaxo was 20 off at one stage and ended the day a net 11 down at 916p, again on good turnover which totalled 2.8m. There was vague talk, widely disbelieved by analysts, that the company was interested in a large US acquisition.

ICI recovered [illegible] early weakness in the wake of analysts' caution to end unchanged [illegible]. The day's low [illegible] volume was a busy 3.3m.

[illegible] internationals to lose ground included Fisons, down 5 at 421p, Reuters, 7 softer at 800p, BOC, 8 weaker at 558p, and Unilever, which closed 5 down on balance at 705p.

Building shares were bullish following the announcement of a further cut in interest rates [illegible] a report [illegible] central [illegible] that the UK [illegible] be allocated 22 per [illegible] of the country's [illegible] rebuilding contracts.

RMC, the [illegible] biggest [illegible] of [illegible] mixed concrete, rebounded 7 to 708p. It had fallen [illegible] the previous day as investors switched [illegible] a new convertible Eurobond.

Taylor Woodrow climbed 17 to 282p and Roibert M. Douglas 32 to 450p. Pilkington, the glass manufacturer, gained 5 to 193p on 3.4m turnover. It was helped by anticipation of good news from a visit yesterday by analysts to the company's German plant.

[illegible] with the exception of North West Water, which eased a penny on turnover of 2.5m – [illegible] was [illegible] large placing of 1m [illegible] at 304½p. [illegible] followed a downgrading by County NatWest, which is broker to the company.

County moved its 1991 profits forecast from [illegible] to [illegible] and its 1992 [illegible] from [illegible] to £235m.

Severn Trent picked up 9 to [illegible] in anticipation of a dinner [illegible] by County [illegible] the company and potential [illegible] investors.

Wessex Water [illegible] as investors continued to be attracted by the [illegible] per cent stake [illegible] by the [illegible] company [illegible] Management. The Water Package [illegible] to [illegible].

Marks and Spencer eased [illegible] UBS Phillips & Drew [illegible] its bearish [illegible] said retailers are still finding trading tough in spite of reductions in [illegible] rates. Marks closed a penny lower at 246p.

Next [illegible] 4 to 32½p after [illegible] Versand, of Germany, Fine Art Developments and a third unnamed party [illegible] they had taken a [illegible] per [illegible] recommended that its shareholders accept an [illegible] from [illegible] for Grattan, its mail order business. Sears, which [illegible] also been [illegible] as having an acquisitive interest in Next, moved up 4 to 94p.

Morrison Supermarkets put on 4 to 219p after Hoare Govett said that if its accountancy procedures were standardised with J. Sainsbury, which is on a similar rating, it would have higher pre-tax profits.

Eurotunnel moved ahead 23 to 518p on strong buying in Paris of the securities quoted in France. P & O added 15 at 585p following the reduction in interest rates and on hopes of further cuts. James Fisher, the shipping company, advanced 8 to 96p, a gain of 21 so far this week, which prompted the company to issue a statement noting the share price rise but saying it knew of no reason for the increase.

Maxwell Communication shed 4 to 139p as traders spoke of a line of almost 1m shares on offer from a Boston-based manager of pension assets.

Analysts at S.G. Warburg published a 62-page review of media stocks. It forecast real growth in advertising spending [illegible] 17 buy or add [illegible]. Among [illegible] to show [illegible] good gains yesterday were Lopex, 11 better at [illegible], Michael [illegible], 4½ [illegible] 34p, and Gold Greenlees Trott, 2 firmer at 105p.

Trading [illegible] once again heavy in Saatchi & Saatchi in the [illegible] of the company's rights [illegible] made last week. The [illegible] around the previous night's closing level of 17p [illegible] at 17½p. Turnover [illegible].

Confidence in British Aerospace continued following [illegible] of results on Tuesday and the [illegible] of the day's [illegible] performers, soaring 37 to 611p on [illegible].

On [illegible] of that optimism Rolls-Royce [illegible] 9 to 161p [illegible] a turnover of 5.4m.

A large placing of British Steel stock by securities house S. G. Warburg of between 3m and 5m shares, which is double-counted for the final tally, accounted for much of the 16m turnover. The shares picked up a penny to close at 130p.

TI slipped back 4 to 499p. Analysts said investors were taking profits after the stock had been pushed up ahead of [illegible] shortly.

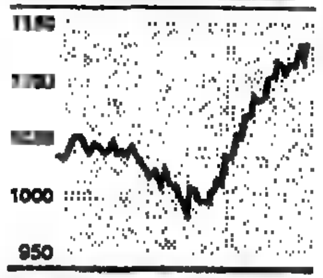
Siebe, [illegible] moved ahead sharply [illegible] a long period of undervaluation, [illegible] 10 to 391p.

While [illegible] leaders languished, small stocks continued to [illegible] buying. [illegible] were exacerbated by shortages of stock, leaving Bilton 20 higher [illegible]. Daejan 20 up at 815p, Ewart [illegible] stronger [illegible] 69p and McInerney [illegible] ahead at 29p. Daejan has risen 50 over [illegible].

Middle-sized issues [illegible] hurt by the cut in Land Securities [illegible] by [illegible] broker. Greycoat [illegible] 7 to 371p and Great Portland Estates receded 4 to [illegible].

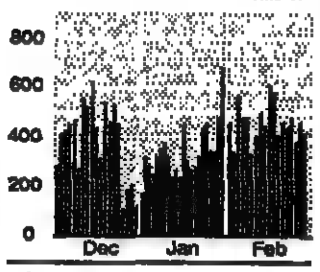
■ [illegible] Market statistics, including the FT [illegible] share index, Page 22

FT-A All-Share [illegible]



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	305	+4
ASDA Group	5,100	134	
Abbey National	2,300	281	
Albert Fisher	2,900	120	+1
Allied-Lyons	2,100	527	+3½
Amstrad	2,900	67	
Anglian Water	616	294	+6
[illegible]	131	275	
[illegible] Group	2,900	[illegible]	-1
[illegible] Foods	565	480	
BAA	1,100	400	+8
BAT Inds.	1,300	665	
BET	1,900	146	+4
BICC	1,500	427	+6
BOC	488	558	-8
BPB Inds	2,300	234	+4
BTR	3,200	379	+9
Bank of Scotland	3,200	131	+4
Barclays	3,300	400	+9
Bass	823	1021	+10
Beazer	1,200	137	+2½
Berisford Int	2,900	[illegible]	+2
Blue Circle	1,300	261	
Boots	7,300	380	+12
Bowater	493	547	+6
[illegible] Aerospace	7,900	611	+37
[illegible] Airways	4,300	180	+6½
[illegible] Gas	7,800	240	+4
[illegible] Land	1,100	308	
BP	5,000	327	+7
[illegible] Steel	16,000	130	+1
[illegible] Telecom	5,450	307½	+2½
[illegible]	1,600	[illegible]	
Burmah Castrol	504	545	+3
Burton	2,300	95	+2
Cable & Wire	2,700	524	+7
Cadbury	4,200	367	-2
[illegible] Group	32	228	+1
Carlton Comms.	1,300	[illegible]	+1
Coats Viyella	2,400	[illegible]	+1½
Comm. Union	368	[illegible]	+11
Cookson	1,600	[illegible]	+10
Courtaulds	784	371	+2
Dalgety	332	[illegible]	+8
Dixons	2,700	[illegible]	+2
ECC Group	96	381	-2
Eastern Elect.	1,000	186½	+1½
East Midland Elec.	1,300	178	-½
Enterprise Oil	1,600	584	+10
Eurotunnel Units	2,000	518	+23
FKI	4,400	46	+1
Ferranti	5,800	13	+1½
Fisons	3,000	421	-5
Gen. Accident	2,100	445	-6
General Elect.	11,000	201	-1½
Glaxo	2,800	916	-11
Glynwed Int.	151	250	
Granada	821	181	-6
Grand Met.	3,900	728	+14
[illegible] A	365	1218	+20
[illegible]	2,400	319	+2
[illegible]	610	362	+8
Guinness	1,100	786	+1
Hammerson 'A'	137	674	+8
Hanson	4,700	227	+3½
Hanson Warrants	680	41½	+3
Harrisons [illegible]	609	157	+2
Hawker Sidd.	139	519	+4
Hillsdown	2,000	222	+7
IMI	388	241	+2
ICI	3,300	[illegible]	
Inchcape	131	580	+4
Kingfisher	[illegible]	438	+9
Ladbroke	[illegible]	269	+2
Land Securities	[illegible]	540	-7
[illegible]	[illegible]	544	
[illegible] General	[illegible]	420	-1
Lloyds [illegible]	[illegible]	382	+10
Lloyds [illegible]	[illegible]	340	+12
LASMO	4,100	368	+13
London Elect.	1,100	184	+3
Lonrho	1,000	227	+3
Lucas	4,100	155	+2
[illegible]	627	190	
MEPC	1,700	576	-2
Manpower	2,300	67½	+½
Manweb	381	309	+6
Marks & Spencer	9,500	246	-1
Maxwell Comms.	2,100	139	-4
Midland Bank	3,800	181	+4
Midlands Elect.	1,100	175½	+1½
NatWest Bank	8,900	308	+17
Next	9,800	32½	+4
North West Water	2,500	302	-1
Northern [illegible]	280	192	+1
Northern [illegible]	734	398	+4
Norweb	1,200	190	+1
Pearson	739	717	-2
P & O	1,600	585	+15
Pilkington	3,400	193	+5
Prudential	3,400	229	+2
RHM	1,000	317	
RMC	1,300	708	+7
RTZ	1,600	521	+4
Racal	11,000	206	+7½
Racal Telecom	807	334	+6
Rank [illegible]	737	705	+4
[illegible]	180	1383	-12
Redland	873	642	+13
Reed Intl.	1,400	415	+4
Reg. Elect. Ptg Uts	13	[illegible]	+22
[illegible]	[illegible]	800	-7
Rolls Royce	[illegible]	161	+9
Rothmans	[illegible]	780	-2
Ryl Bk Scotland	373	188	+2
Royal Insurance	584	448	+6
Saatchi	9,800	17½	+½
Sainsbury	2,500	328	-4
Scottish & New.	1,000	388	+9
Sears	[illegible]	94	+4
Sedgwick	[illegible]	237	-2
Seaboard	[illegible]	174	+1½
Severn Trent Water	1,200	[illegible]	+9
Shell Transport	6,600	[illegible]	+10
Siebe	[illegible]	[illegible]	+10
Slough Ests	[illegible]	[illegible]	-7
Smith (W H) A	1,800	353	+13
Smith & Nephew	4,400	105½	+1
SmKl Beecham	2,300	[illegible]	+4
SmKl Beecham Uts.	115	[illegible]	+3
Smiths Inds.	229	357	+1
Southern Elect.	947	173	+2
South Wales [illegible]	2,400	333	+11
South West [illegible]	523	304	+6
South West. [illegible]	404	177	
Southern Water	146	283	+8
Standard Chartd	898	279	+6
Storehouse	3,400	110	-1
Sun Alliance	1,400	392	-1
Sun Life	0	1180	
T&N	786	175	+3
TI Group	1,100	499	-4
TSB	3,300	164	+1
Tarmac	4,200	272	+6
[illegible] Lyle	3,600	396	+3
[illegible] Woodrow	1,900	282	+17
[illegible]	3,800	348	
Thames Water	891	298	+8
Thorn EMI	874	684	+2
Trafalgar House	6,600	249	+13
Trusthouse Forte	3,200	285	+10
Ultramar	3,400	340	+14
[illegible]	222	301	+2
Unilever	2,000	705	-5
United Biscuits	389	374	+3
Utd. Newspapers	187	351	-3
Water Package Uts.	0	[illegible]	+38
Wellcome	469	[illegible]	
Welsh Water	1,000	324	+6
Wessex Water	325	395	+15
Whitbread 'A'	481	485	+8
Wiggins Teape	1,500	207	-1
Williams Hldgs.	1,400	271	+1
[illegible] Corroon	688	289	+9
Wimpey	1,100	187	-1
Yorkshire Elect.	1,100	187	+2
Yorkshire Water	823	303	-1

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Rows above the last fourteen of the trading volume table are illegible in this scan.

EQUITY FUTURES AND OPTIONS TRADING

EQUITY futures rallied strongly yesterday following the half percentage point [illegible] in UK interest rates, and the upward pressure had not abated by the close.

The March FT-SE 100 index had opened weaker and there were signs that the expiry today of the February FT-SE [illegible] options may [illegible] encouraged some selling.

However, the cut in rates along with a shortage of stock in the underlying market triggered a powerful rally. [illegible] moved from a low of 2,320 to a high of 2,380, before eventually closing at 2,375, a rise of 38 points. In after-hours dealing it added a further 5 Footsie points at 2,380.

The futures market continued to indicate further gains on the stock market as its lead or premium over the spot FT-SE index widened. At the close, the March index was trading [illegible] points above the [illegible], compared with 15 at the previous [illegible].

[illegible] calculate [illegible] once an [illegible] of future dividend payments and the [illegible] of finance are made, March should only trade 5 points above the spot index.

As well as business ahead of the expiry of the February FT-SE index, the options market also saw a large seller of Asda April [illegible] calls. The Racal [illegible] 200 calls featured as its shares rallied after a broker's recommendation.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (97).
BRITISH FUNDS (3) CORPORATION LOANS (2) AMERICANS (1) BANKS (4) BREWERS (3) BUILDINGS (13) CHEMICALS (1) STORES (6) ELECTRICALS (4) ENGINEERING (2) FOODS (7) INDUSTRIALS (17) BTR Warrants 1994/95, Barla, Baynes (Chas.), Boots, British Aerospace, Do. Cnv Pref., Charter Cons., Creighton Naturally, Elan Corp., Kalon, Low & Bonar, Seton Healthcare, Silentnight, SmithKline Beecham A, Spring Ram, Tomkins 6½pc Prf., Vinten, INSURANCE (1) PAPERS (2) PROPERTY (6) TRUSTS (14) WATER (1).
NEW LOWS (18).
STORES (2) FOODS (1) INDUSTRIALS (4) Marling, Mayborn, Orlliame, Tubular Edgington, LEISURE (1) PAPERS (1) PROPERTY (4) TEXTILES (1) TRUSTS (3).

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99[illegible]	[illegible]	Funding 5¼pc '87-91‡‡	99[illegible]	+[illegible]	5.78	[illegible]
98[illegible]	[illegible]	Treas 3pc 1991	98[illegible]	+[illegible]	3.04	[illegible]
99[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	99[illegible]	.....	10.05	12[illegible]
99[illegible]	[illegible]	Exch. 11pc 1991	99[illegible]	.....	11.03	11[illegible]
97¼	[illegible]	Treas 8pc 1991	97¼	+[illegible]	8.18	11[illegible]
101[illegible]	[illegible]	Treas 12¾pc 1992‡‡	101[illegible]	.....	12.58	11[illegible]
99[illegible]	[illegible]	Treas 10pc 1992	99[illegible]	+[illegible]	10.09	10[illegible]
97[illegible]	[illegible]	Treas 8pc 1992 ‡‡	97[illegible]	+[illegible]	8.24	10[illegible]
99[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	99[illegible]	+[illegible]	10.54	[illegible]
93[illegible]	[illegible]	Treas. 3pc 1992	93[illegible]	+[illegible]	3.22	[illegible]
102½	[illegible]	Exch. 12¼pc '92	102[illegible]	+[illegible]	12.00	[illegible]
104[illegible]	[illegible]	Exch 13½pc 1992	104xd	+[illegible]	12.98	[illegible]
96[illegible]	[illegible]	Treas 8¼pc 1993	96[illegible]xd	+[illegible]	8.57	[illegible]
99[illegible]	[illegible]	Treas 10pc 1993‡‡	99[illegible]	+[illegible]	10.08	10.[illegible]
104[illegible]	[illegible]	Treas 12½pc 1993‡‡	104[illegible]	+[illegible]	11.97	10.[illegible]
92[illegible]	82	Funding 6pc 1993‡‡	92[illegible]xd	+[illegible]	6.48	9.[illegible]
108[illegible]	[illegible]	Treas 13¾pc 1993‡‡	108	+[illegible]	12.73	10.[illegible]
95[illegible]	[illegible]	Treas. 8½pc 1994	95[illegible]	+[illegible]	8.88	10.[illegible]
111[illegible]	[illegible]	Treas 14½pc 1994‡‡	111[illegible]xd	+[illegible]	13.05	10.[illegible]
109	[illegible]	Exch 13½pc 1994	108[illegible]	+[illegible]	12.42	10.1[illegible]
99[illegible]	88[illegible]	Treas 10pc Ln. 1994‡‡	99[illegible]	+[illegible]	10.04	10.1[illegible]
106[illegible]	96[illegible]	Exch. 12½pc 1994	106[illegible]	+[illegible]	11.72	[illegible]
96[illegible]	85	Treas 9pc 1994‡‡	96[illegible]	+[illegible]	9.31	10.[illegible]
106[illegible]	[illegible]	Treas 12pc 1995	105[illegible]	+[illegible]	11.34	10.[illegible]
87	73	Exch 3pc Gas 90-95	84	.....	3.57	7.[illegible]
100[illegible]	[illegible]	Exch 10¼pc 1995	100[illegible]	+[illegible]	10.20	10[illegible]
109[illegible]	[illegible]	Treas 12¾pc 1995‡‡	109[illegible]	+[illegible]	11.63	10.[illegible]
113[illegible]	[illegible]	Treas. 14pc '96	113[illegible]	+[illegible]	12.37	10[illegible]

Five to Fifteen Years

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
96[illegible]	[illegible]	[illegible]eas. 9pc 1992-96‡‡	96[illegible]xd	+[illegible]	9.33	[illegible]
119[illegible]	[illegible]	[illegible]eas 15¼pc 1996‡‡	119[illegible]	.....	12.80	1[illegible]
112¼	[illegible]	[illegible]ch 13¼pc 1996‡‡	111[illegible]	+[illegible]	11.86	1[illegible]
100[illegible]	[illegible]	[illegible]nversion 10pc 1996	99[illegible]	+[illegible]	10.04	1[illegible]
100[illegible]	[illegible]	[illegible] 10pc 1996 A	99[illegible]	+[illegible]	10.25	1[illegible]
113[illegible]	[illegible]	[illegible]eas 13¼pc 1997‡‡	112[illegible]	–[illegible]	11.75	10.30
102[illegible]	[illegible]	[illegible]ch 10½pc 1997	101[illegible]	.....	10.34	10.15
94[illegible]	[illegible]	[illegible]eas 8¾pc 1997‡‡	93[illegible]xd	–[illegible]	9.33	10.06
122[illegible]	[illegible]	[illegible]ch 15pc 1997	121½	–[illegible]	12.35	10.45
98[illegible]	[illegible]	[illegible]ch. 9¾pc 1998	98[illegible]	–[illegible]	9.94	10.13
85[illegible]	[illegible]	[illegible]eas 6¾pc 1995-98‡‡	84[illegible]	+[illegible]	7.94	9.71
127[illegible]	[illegible]	[illegible]eas. 15½pc '98‡‡	126[illegible]xd	.....	12.23	10.32
109[illegible]	93¼	[illegible]ch. 12pc 1998	109[illegible]	.....	10.99	10.25
97[illegible]	82½	Treas 9½pc 1999‡‡	97[illegible]	–[illegible]	9.78	10.03
111[illegible]	94[illegible]	Exch. 12¼pc 1999	110[illegible]xd	–[illegible]	11.06	10.25
102½	85[illegible]	Treas. 10½pc 1999	101[illegible]	–[illegible]	10.31	10.15
101¼	84[illegible]	Conversion 10¼pc 1999	100[illegible]	–[illegible]	10.22	10.18
94[illegible]	78[illegible]	Conversion 9pc 2000‡‡	94[illegible]xd	.....	9.56	10.00
116[illegible]	98[illegible]	Treas. 13pc 2000	115[illegible]	–[illegible]	11.23	[illegible]
116½	113[illegible]	Do 13pc 2000 A	115[illegible]	.....	11.23	[illegible]
100¼	82¼	Treas 10pc 2001	99[illegible]	–[illegible]	10.09	10.11
118[illegible]	102¼	Treas. 14pc '98-01	117½	–[illegible]	11.90	0.443
98[illegible]	81¼	Treas 9¾pc 2002	97[illegible]	–[illegible]	9.99	10.11
100[illegible]	82[illegible]	Treas 10pc 2003	99[illegible]xd	.....	10.06	10.08
99[illegible]	91[illegible]	Treasury 10pc 2003 "A"	99[illegible]xd	.....	10.09	10.28
108¼	90[illegible]	Treas. 11½pc 2001-04	107[illegible]xd	.....	10.72	10.31
58[illegible]	45[illegible]	Funding 3½pc '99-04	57[illegible]xd	–[illegible]	6.11	9.09
97[illegible]	79[illegible]	Conversion 9½pc 2004	95[illegible]	.....	9.90	10.06
97¼	79[illegible]	Conversion 9½pc 2005	96	+[illegible]	9.90	[illegible]
118¼	98[illegible]	Treas. 12½pc 2003-05	116¼	.....	10.70	[illegible]

Over Fifteen Years

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
85[illegible]	69[illegible]	Treas. 8pc 2002-06‡‡	84[illegible]	+[illegible]	9.48	10.00
112½	93[illegible]	Treas. 11¾pc 2003-07	111[illegible]	.....	10.54	10.08
90[illegible]	73[illegible]	Treas 8½pc 2007 ‡‡	89[illegible]	+[illegible]	9.54	9.86
125[illegible]	105[illegible]	Treas. 13½pc '04-08	124[illegible]xd	+[illegible]	10.84	10.10
94[illegible]	77[illegible]	Treas. 9pc 2008 ‡‡	93[illegible]	.....	9.61	9.75
85[illegible]	69[illegible]	Treas 8pc 2009	84[illegible]xd	+[illegible]	9.43	9.80
94[illegible]	77¼	Conv 9pc Ln 2011 ‡‡	93	.....	9.68	9.79
63[illegible]	50[illegible]	Treas. 5½pc 2008-12‡‡	62[illegible]xd	+[illegible]	8.83	9.71
83	67¼	Treas. 7¾pc 2012-15‡‡	81[illegible]	–[illegible]	9.55	9.80
122¼	100	Exch. 12pc '13-'17	119[illegible]	–[illegible]	10.01	9.80

Undated

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
41[illegible]	33[illegible]	Consols 4pc	39[illegible]	–[illegible]	10.04	–
36[illegible]	29[illegible]	War Loan 3½pc‡‡	35[illegible]	–[illegible]	9.84	–
61[illegible]	55[illegible]	Conv. 3½pc '61 Aft.	59[illegible]xd	–[illegible]	5.92	–
32[illegible]	26[illegible]	Treas. 3pc '66 Aft.	29[illegible]	–[illegible]	10.18	–
25[illegible]	20[illegible]	Consols 2½pc	24[illegible]	–[illegible]	10.03	–
25½	20[illegible]	Treas. 2½pc	24[illegible]xd	–[illegible]	10.11	–

BRITISH FUNDS—Contd

Index-Linked

1990/91 High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
127	110¼	Tr. 2pc '92‡‡	(97.8)	126[illegible]xd	–[illegible]	1.5[illegible]	4.06
117	103¼	Do. 2 '94	(102.9)	116[illegible]	–[illegible]	2.93	3.76
171[illegible]	150[illegible]	Do. 2pc '96	(67.9)	170[illegible]xd	–[illegible]	3.28	3.75
140[illegible]	123[illegible]	Do 2½pc '01	(78.3)	138[illegible]xd	.....	3.91	4.20
136[illegible]	119[illegible]	Do 2½pc '03	(78.8)	134[illegible]	–[illegible]	4.00	4.25
[illegible]	122	Do 2pc '06	(69.5)	136[illegible]	–[illegible]	4.05	4.25
[illegible]	113½	Do. 2½pc '09	(78.8)	125[illegible]	–[illegible]	4.06	4.25
[illegible]	117¼	Do. 2½pc '11	(74.6)	129[illegible]	–[illegible]	4.06	4.23
[illegible]	97[illegible]	Do. 2½pc '13	(89.2)	107[illegible]xd	–[illegible]	4.04	4.20
[illegible]	105[illegible]	Do. 2½pc '16	(81.6)	115	–[illegible]	4.00	4.16
[illegible]	102¼	Do. 2½pc '20	(83.0)	111[illegible]	–[illegible]	3.97	4.11
[illegible]	86½	Do. 2½pc '24‡‡	(97.7)	93[illegible]	–[illegible]	3.92	4.05

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1990: 126.7 and for January 1991: 130.2.

INT. BANK AND O'SEAS

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101[illegible]	84[illegible]	African Dv Bk 11¼ Ln 2010	101[illegible]	–[illegible]	10.96	10.93
98¼	80[illegible]	Asian Dev Bk 10¼pcLn 2009	96[illegible]	–[illegible]	10.57	[illegible]
112	80[illegible]	Int-Am Dev [illegible] 2003	111[illegible]	–[illegible]	11.21	10.76
92[illegible]	76[illegible]	Do [illegible]pcLn [illegible]	[illegible]	–[illegible]	10.63	[illegible]
110	55	[illegible] Mexican States [illegible] 2008	110[illegible]	.....	15.00	14.87

CORPORATION LOANS

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104	86½	Birmingham 11½pc 2012	101½	.....	11.33	11.30
95½	84½	GLC 6¼pc 1990-92	95½	.....	7.07	11.60
115½	95	Leeds 13½pc 2006	115½	+2	11.69	11.37
30½	25	Liverpool 3½pc Irred	30	.....	11.67	–
35	24	LCC 3pc '20 Aft	27	.....	11.11	–
101½	85½	Manchester 11½pc 2007	101½	+2	11.33	11.57

COMMONWEALTH & AFRICAN LOANS

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
150	150	S Rhod 2½pc Unassd.	150	.....	–	–
90	84½	Do. 4½pc 87-92 Assd.	90	.....	–	–

LOANS

Building Societies

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
109	99½	[illegible]wide Anglia 3[illegible]pc Ln 2021	103	–½	–	5.32
109	99½	Do. 4.25pcIL '24	105[illegible]	–[illegible]	–	4.99

Public Board and Ind.

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
55	41	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1990/91 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	f7.00
50	50	Do 6pc 28 Stb. Ass.	50	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2.75	f3.57
128¾	108[illegible]	Hydro Quebec 15pc 2011	127[illegible]	+[illegible]	12.0[illegible]	11.50

AMERICANS

1990/91 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
24½	18½	Abbott Laboratories‖	23xd	–1½	84c	–	1.9
610p	257p	♥Allegheny & W 1c	279p	+1	30c	–	5.4
10¾	543p	Amdahl 5c	820pxd	–7	10c	–	0.6
34½	21¼	Amer. Cyanamid $5	29¾	–[illegible]	$1.35	–	2.3
21¾	8[illegible]	Amer. Express 60c	12½xd	–[illegible]	92c	–	3.7
28¾	15[illegible]	American T. & T. $1	17¼xd	–[illegible]	$1.32	–	3.9
347½	27¼	Ameritech $1	34¼	+[illegible]	$3.16	–	4.7
586p	116p	♥Atlamerica Equity‖	267p	+5	–	–	–
19[illegible]	8¾	BankAmerica $1[illegible]	16½xd	+[illegible]	$1.20	–	3.7
27[illegible]	15½	Bankers N.Y. $1	23½xd	+[illegible]	$2.12	–	4.6
35¾	21	Bell Atlantic $1	25½xd	+[illegible]	$2.36	–	4.7
36¼	25	BellSouth Corp.	27¼	–[illegible]	$2.68	–	5.0
13¼	5¾	♥Bethlehem Steel $8	8½xd	.....	40c	–	2.5
19¾	816p	Bowater Inc.	1250p	+16	$1.20	–	4.9
9[illegible]	3[illegible]	Brunswick 75c	6½xd	–[illegible]	44c	–	3.4

AMERICANS—Contd

1990/91 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
46¾	35[illegible]	CPC Intnl. 25c	42[illegible]xd	+[illegible]	$2.00	–	2.4
930p	350p	California Engy	992p	+4	–	–	–
37½	23½	Campbell Soup 15c	37½xd	+[illegible]	$1.16	–	1.6
21¾	5¼	Chase Manhattan $12½	7[illegible]xd	–[illegible]	$1.20	–	8.3
12½	5[illegible]	Chrysler $6¼	6xd	–[illegible]	$1.20	–	10.1
18¼	5[illegible]	Citicorp $1	7[illegible]xd	–[illegible]	$1.00	–	6.5
40[illegible]	29¼	Colgate-Palmolive $1	38[illegible]xd	–[illegible]	$1.80	–	2.4
12¼	386p	Cont'l Bank Corp $4	618p	+24	$1.00	–	8.2
268p	45p	♥Corporate Data Sci	45p	.....	–	–	–
22¼	10¾	Dana Corp. $1	14½xd	+[illegible]	$1.60	–	5.6
768p	178p	Data General	456p	–13	–	–	–
29½	18¾	Dun & Bradstreet $1	22¾	–[illegible]	$2.12	–	4.7
37¼	21	Exxon Corpn. 50c	29½	+[illegible]	$2.20	–	3.8
10¾	4¾	Echlin Inc.	6¼xd	.....	70c	–	5.7
22¼	13¼	FPL Group 1c	15¾	–[illegible]	$2.36	–	7.8
29[illegible]	15	Fluor Corp 62½c	25xd	–[illegible]	32c	–	0.6
30¼	12[illegible]	Ford Motor $1	16¼xd	–[illegible]	$3.00	–	10.0
41[illegible]	25¼	Gen. Elect. 63c	35¼xd	+[illegible]	$2.04	–	2.9
441p	205p	♥General Host Corp $1	429p	–10	32c	–	3.8
38¾	25¼	Gillette $1	38[illegible]	–[illegible]	$1.08	–	1.4
315p	22p	Gt American Bank $1	91p	+20	–	–	–
20[illegible]	10¼	Greyhound Dial $1½	15[illegible]xd	+[illegible]	$1.32	–	4.6
12½	583p	Hasbro Inc 50c	12¼	+[illegible]	20c	–	0.8
30¾	18[illegible]	Honeywell $1½	29¾xd	–[illegible]	$1.50	–	2.6
21¾	16	Houston Inds.‖	18¾	–[illegible]	$2.96	–	7.9
74	49[illegible]	IBM Corpn $1¼	67[illegible]xd	–1[illegible]	$4.84	–	3.6
35½	14[illegible]	Ingersoll-Rand $2	24[illegible]	.....	$1.32	–	2.7
25½	12½	Lockheed Crpn. $1	20xd	–½	$1.80	–	4.6
11[illegible]	7¾	Lone Star Inds $1	7[illegible]xd	.....	$1.90	–	12.9
[illegible]	18[illegible]	Louisiana Land 15c	20¼xd	+[illegible]	$1.00	–	2.4
29	939p	Lowe's 50c	1530p	–20	52c	–	1.7
[illegible]	8¼	Manuf. Hanover $1	12½xd	.....	$3.28	–	13.3
[illegible]	8¼	Merrill Lynch $1	14½	–[illegible]	$1.00	–	3.5
[illegible]	8[illegible]	Molex Inc.	13[illegible]	–[illegible]	4c	–	0.1
[illegible]	16½	Morgan (JP) $2½	23¼xd	–[illegible]	$1.96	–	4.2
[illegible]	21[illegible]	Morris (Philip)	34[illegible]xd	–[illegible]	$1.72	–	2.5
[illegible]	34¼	NYNEX $1	38¾	–[illegible]	$4.56	–	6.0
[illegible]	919p	PHH Corp. ‖	14¾	+[illegible]	$1.20	–	4.1
[illegible]	53p	♥P.a.c. Agricultural	89p	.....	–	–	–
[illegible]	917p	Pall Corp. 25c	16xd	+[illegible]	h44c	–	1.4
[illegible]	32½	Pennzoil 83 1/3c	35[illegible]xd	+1½	$3.00	–	4.2
[illegible]	21[illegible]	Quaker Oats $5	29¼xd	–[illegible]	$1.56	–	2.7
[illegible]	19½	Rep NY Corpn $5	29xd	.....	$1.40	–	2.4
[illegible]	10[illegible]	Rockwell Intl. $1	13[illegible]	–[illegible]	86c	–	3.3
[illegible]	11[illegible]	Sears, Roebuck 75c	16[illegible]xd	–[illegible]	$2.00	–	6.3
[illegible]	24½	Southwestern Bell $1	27[illegible]xd	–[illegible]	$2.76	–	5.0
[illegible]	13¼	Sun Co. Inc. $1	16¼xd	+[illegible]	$1.80	–	5.6
[illegible]	15[illegible]	TRW Inc. 62½c	21xd	+[illegible]	$1.80	–	4.3
[illegible]	20½	Tenneco $5	24[illegible]xd	–[illegible]	$3.20	–	6.5
[illegible]	28½	Texaco $6.25	31[illegible]xd	+[illegible]	$3.20	–	5.1
[illegible]	12	Texas Instr. $1	21½xd	+[illegible]	72c	–	1.7
[illegible]	34½	Time Warner $1	56[illegible]xd	–[illegible]	$1.00	–	0.9
[illegible]	7[illegible]	TRINOVA Corp	12[illegible]xd	+[illegible]	68c	–	2.7
[illegible]	14[illegible]	USX $1	16[illegible]xd	+[illegible]	$1.40	–	4.4
408p	250p	♥UniHab	272p	.....	–	–	–
36¾	21[illegible]	Utd. Technologies	25xd	+[illegible]	$1.80	–	3.7
149p	47p	♥Utilitech Inc.	47p	.....	–	–	–
25¼	16¾	US West‖	19¾	–[illegible]	$2.00	–	5.1
25[illegible]	14¾	Waste Management $1	20[illegible]	–[illegible]	36c	–	0.9
20¼	907p	Whirlpool $1	1250p	+17	$1.10	–	4.5
20¾	12¼	♥Woolworth $3½	18	+¼	$1.04	–	2.9

CANADIANS

1990/91 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
9¾p	1p	♥Abbot Energy Corp.	9p	.....	–	–	–
12¼	896p	♥Amer. Barrick Res.	994p	+2	–	–	–
17½	11¼	Bk. Montreal ‖	14¾	.....	$2.12	–	6.3
883p	464p	Bk. Nova Scot.‖	673pxd	+12	$1.00	–	6.5
819p	609p	♥BC Gas $1	683p	+11	60c	–	3.9
24½	15½	BCE ‖	18¼	–[illegible]	$2.56	–	6.0
14¾	616p	♥Brascan‖	860p	+14	$1.04	–	5.3
148p	19½p	♥Breakwater Res.	25p	–1	10c	–	17.6
17½	954p	Can Imp Bank‖	1335p	+2	$1.32	–	4.3
14	775p	Can. Pacific ‖	984p	–13	92c	–	4.1
37	30	Do. 4pc Deb £100	35	.....	Q4%	–	11.4
531p	157p	♥Central Cap 'A' ‖	237p	+2	60c	–	11.1
428p	179p	♥Cons TVX Min	285p	.....	–	–	–
579p	158p	♥Corona Corp	215p	+2	–	–	–
510p	246p	♥Dertan Inds. ‖	305p	+8	28c	–	4.0
12¼	370p	♥Echo Bay Mines	373p	+3	7½c	–	1.0
355p	135p	♥ECO Corp‖	181p	+6	–	–	–
313p	95p	Gandalf Techs. Inc.	149p	+7	–	–	–
141p	53p	Granges Explr.‖	75p	+1	–	–	–
866p	362p	♥Gulf Canada‖	402p	–1	40c	–	4.4
14	875p	♥Hawker Sid Can‖	11¼	–¼	$1.08	–	4.2
1194p	703p	♥Hudson's Bay ‖	1194p	+12	80c	–	2.9
34½	24¼	♥Imperial Oil‖	26½	.....	$1.80	–	3.0
17½	11¼	Inco‖	15¾	–¼	$1.00	–	2.8
113p	2¼p	♥Moscocho Expln.	3p	.....	–	–	–
200p	8p	♥Nth West Gold ‖	11p	.....	–	–	–
462p	329p	Nova Corp of Alberta	423pxd	+2	52c	–	5.5
12¼	701p	♥Rio Algom	881p	–4	85c	–	4.2
13½	862p	Royal Bk. Can. ‖	1064p	.....	$1.16	–	4.8
97½p	8p	♥Sonora Gold Corp‖	11p	+2	–	–	–
35½p	2p	♥Tara Pure Tech. Corp‖	5½p	.....	–	–	–
11	652p	Toronto-Dom. Bk‖	837p	–9	76c	–	4.0
923p	663p	♥Trans Can Pipe.	781p	+13	72c	–	4.1
200p	87½p	♥Varity Corp‖	123p	.....	$1.30	–	–

Continued on next page

APPOINTMENTS

Finance director of BOC

Mr Ian Clubb has been appointed finance director of BOC GROUP from March 1, and joins the board at its meeting on March 14. [illegible] been deputy chief executive and group finance director of [illegible] Satellite Broadcasting; group managing director and chief executive of [illegible] and finance director of [illegible] Petroleum.

■ NURDIN & PEACOCK has appointed Mr Tony Hopkins to the main board. He is trading director of Nurdin & Peacock Cash & Carry.

■ INTERNATIONAL OIL INSURERS, London-based specialist oil and petrochemical insurance pool, has appointed Mr S.A.J. Hill as deputy general manager from April 1. He is general manager of NRG Fenchurch Insurance Co.

■ Mr Roy Brook has been appointed managing director of BLUE CHIP CUSTOMER ENGINEERING, Bedford. He was business controls manager, southern region, IBM.

■ Mr Michael Grice and Mr Graham Cole, associate directors, have been promoted to directors of TRAFALGAR HOUSE CONSTRUCTION MANAGEMENT.

■ Mr Stephen R. Brown *(pictured)* has been appointed group managing director of TATE & LYLE. He is president of Alcan Rolled Products Company, and a director and executive vice president of Alcan Aluminium Corporation, Alcan's wholly-owned US subsidiary. Mr Brown takes up his new post in April, and will be based in London.

■ Mr Tim Brookes, chairman of IN SHOPS, has temporarily assumed the role of chief executive following the sudden death of Mr John Hoeall who [illegible] group chief executive and managing director of major subsidiary In Shop Centres.

■ Mr Peter [illegible] has [illegible] appointed group sales and marketing [illegible] of BIFFA HOLDINGS, a BET [illegible]. He is [illegible] marketing director of Biffa [illegible] Services. Ms Libby Glare-Williams becomes assistant company secretary. She was company secretary at Shanks & McEwan (Southern).

J.C. Bamford research director

Mr Bob Pendlebury has been appointed research and development director of J.C. [illegible] EXCAVATORS, [illegible]. He was manager of the vehicle engineering department at Ford Motor Company, responsible for the development of commercial vehicles, and was [illegible] special [illegible] engineering manager for light trucks with responsibility for [illegible] police, ambulance, AA and other custom-made vehicles.

■ LEHMAN [illegible] INTERNATIONAL has appointed Mr R. Vincent Lynch, Jr, as a managing director in its investment banking division based in London. He was a managing director with J.P. Morgan.

■ Mr Andrew Robertson, marketing director of Goblin, has added European marketing director to his role, covering domestic products of the Shop-Vac European Group. SHOP-VAC CORPORATION, US, is the parent company. Mr Tim Wright has been appointed European marketing director for outdoor and DIY products. He joins from McCulloch Corporation, recently acquired by Shop-Vac.

■ XEROX ENGINEERING SYSTEMS has appointed Mr Pat Curran as sales [illegible] and Mr Bob Raithby as customer service director.

■ Following a re-organisation Mr Robin Hodgson *(pictured)*, managing director, GRANVILLE & CO, has been promoted to chief executive and joint deputy chairman. He will head the private client group. Mr Nicholas Moy, deputy managing director, becomes joint deputy chairman. Mr Charles Arnold, head of the corporate finance department, has been appointed head of the investment banking group.

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BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro Fl5	£9¾	+¼	Q28%	2.1	8.9	5.3
303	121	ANZ $A1	143	−1	Q38c	1.9	10.8	4.9
267	172	Abbey National 10p	261	.....	5.7	4.3	2.9	10.6
°274	126	Allied Irish Ord	168	+4	†Q40%	3.3	5.3	7.6
85	47	Anglo Irish	63	+3	Q10.6%	2.3	6.6	8.3
93	43	Ansbacher (H.) 1p	46	.....	2.5	1.3	7.2	13.2
£71½	£32½	Bancaire Cie Fr100	£52	+⅛	Q12¼%	–	2.5	–
£22¾	£12⅞	Banco Bilbao Viz	£16½	−¼	Q49.1%	2.7	5.0	7.5
£58¾	£21½	Banco de Santander	£28¼	.....	Q28.7%	2.3	4.2	10.0
286	130	Bank Ireland Ir£1	179	+5	Q14.7%	2.9	7.4	6.3
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.)£1	350	.....	16.0	–	6.1	–
134	100	Bank Scotland	131	+4	†4.55	3.4	4.6	8.4
110	83¾	Do. 9¼pc Irrd Pf £1	103¼	.....	9¼%	–	11.9	–
107¼	99½	Do. 9¾pc Irrd Pf £1	107¼	.....	9¾%	–	12.1	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	400	+9	†h19.57	3.5	6.5	5.5
22	9	Benchmark 20p	9	.....	0.75	–	11.1	–
335	195	Brown Shipley £1	224	.....	‡12.0	2.2	‡	7.2
°457	285	Cater Allen £1	457	+6	F24.5	–	7.1	–
179	29	Chancery	36	.....	‡9.0	2.7	‡	1.4
£23¾	£14	Commerzbk DM10	£18¼	−¼	Q18%	–	3.4	–
£13¼	620	Dai Ichi Kgk Y50	881	+6	Q17%	6.2	0.4	41.6
°£313	£189½	Deutsche Bk DM50	£224⅞	+1⅞	Q28%	–	2.1	–
£20⅞	£14⅜	Espirito Santo	£16¼	−⅛	Q75c	5.1	2.3	8.6
253	152	First Nat. Fin. 10p	185	−4	13.0	1.2	9.4	(11.0)
121	78	FNFC 6.3pc Cv. Pf £1	99	+1	6.3%	–	8.5	–
£13¼	633	Fuji Bank Y50	980	−3	†Q17%	6.9	0.3	41.7
340	262	Gerrard & National	340	+3	19.0	–	7.5	–
154	67	Guinness Mahon 10p	67	.....	1.45	–	2.9	–
328	194	Hambros 20p	273	−1	†11.5	–	5.6	–
128	88	Do. 7.5pc Cv Pf £1	114	.....	7½%	–	8.8	–
53½	29	HK & Shang. HK$2.50	39	+½	KQ39c	–	7.1	–
478	373	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	135	+2	10.25	–	10.1	–
422	249	Kleinwort Benson Grp	345	−6	16.0	2.5	6.2	8.1
642	316	Kyowa Bank Y50	445	−3	Q14%	♦	0.7	♦
340	220	Lloyds £1	340	+12	15.3	q1.5	6.0	14.2
56	44	Lon. Scot. Bank 10p	52	+1	2.75	1.7	7.1	9.5
224	150	Midland £1	187	+4	†18.0	2.6	13.3	3.8
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To [illegible] your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net [illegible] values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

[illegible]

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

£14[illegible]	£7[illegible]	Homestake Mining $1		£8[illegible]	+[illegible]	020c	—	1.3
62	22	‡‡Ivernia West	y	41	+1	—	—	—
97	43	‡‡Kells Mins. Ir5p	y	44	.....	—	—	—
49½	9	‡Kenmare	y	9½	+½	—	—	—
45	15	‡‡Navan Resources	y	15	.....	—	—	—
20¼	7	‡New Sabina Res C$1		7	−3	—	—	—
457	52	Northgate Expl. C$1		61	+3	—	—	—
36	12	North West Expl		12	.....	—	—	—
39¼	2	‡Nor-Quest Res.		6	.....	—	—	—
129	90	Oryx Gold Hldgs		96	.....	—	—	—
57	11	‡‡Ovoca Gold IR 2p	y	15	+2	—	—	—
93	40	Plateau Mining 20p	β	40	.....	—	—	—
605	392	RTZ 10p	α	521	+4	†18.5	2.5	4.7
14	4½	‡Thorco Res. Inc [illegible]		6	.....	—	—	—
18	5	‡Vizcaya Hldgs 5p	β	5	.....	—	—	—
178	130	‡Young Group 10p	β	132	.....	†7.8	2.7	7.9

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" [illegible] distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm −) to the current pre-close share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

● [illegible] Stock
* [illegible] and lows marked [illegible] have been adjusted to allow for [illegible] issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
● F[illegible] or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially listed.
¶ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
♦ Not comparable
♦ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
■ No par value

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h [illegible] dividend and yield after scrip issue. j Payment from [illegible] sources. k Kenya. m Interim higher than previous total. n [illegible] issue pending. q Earnings based on preliminary figures. s [illegible] and yield exclude a special payment. t Indicated [illegible] cover relates to previous dividend, P/E ratio based on [illegible] annual earnings. u Forecast, or estimated annualised [illegible] rate, cover based on previous year's earnings. v Subject [illegible] [illegible] E Minimum tender price. F Dividend and yield based [illegible] prospectus or other official estimates for 1990-91. G Assumed [illegible] and yield after pending scrip and/or rights issue. H [illegible] and yield based on prospectus or other official estimates [illegible]. K Dividend and yield based on prospectus or other [illegible] estimates for 1990. L Estimated annualised dividend, [illegible] P/E based on latest annual earnings. M Dividend and [illegible] based on prospectus or other official estimates for 1991-92. [illegible] and yield based on prospectus or other official [illegible] for 1989-90. P Figures based on prospectus or other [illegible] estimates for 1991. Q Gross. R Forecast annualised [illegible] cover and p/e based on prospectus or other official [illegible]. T Figures [illegible] W Pro forma figures. Z Dividend [illegible] date

[illegible]: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex [illegible] capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	β	675	.....	
Finlay Pkg 5p	β	30	.....	
Holt (Jos) 25p	β	1313	.....	
Carrol (P.J.)		154	.....	
Helton Hldgs	y	42	−1	
IRG		130	.....	
United Drug		150	+5	

IRISH

Cap 8½% Ln. 1991	£99½	.....
9pc Cap Ln. 1996	£97¼	.....
Fin. 13% 97/02	£114	.....
Arnotts	160	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	[illegible]
Asec (BSR)	4½
BAT	46
BOC Grp.	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit Aero[illegible]	45
British St[illegible]	10½
Brit. Tele[illegible]	25
Cadburys	28
Charter Co[illegible]	38
Comm Un[illegible]	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met.	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd.	35
ICI	70
Ladbroke	22
Legal & Gen.	32
Lex Service	17
Lloyds Bank	24
Lucas Inds.	11
Marks & Spencer	19
Midland Bk	16
Nat West Bk.	21
P & O Dfd.	44
Racal Elect.	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	51
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property	
Brit Land	24
Control Secs.	5½
Land Securities	45
MEPC	38
Mountleigh	9

Oils	
Aviva Petlm.	3
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm.	15
Gaelic Res.	1½
Premier	7
Shell	37
Tuskar Res.	2
Ultramar	29

Mines	
Lonrho	19
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H

Brown Shipley & Co Ltd (1000)F

Confederation Funds Mngt Ltd (1200)F

GT Unit Managers Ltd (1200)H

Kleinwort Benson Unit Trusts - Contd.

Mayflower Management Co Ltd (1200)F

NM Unit Trust Mngrs

Save & Prosper Group - Contd.

Medical Investments Ltd (1100)F

Mercury Fund Managers Ltd (1000)H

Consistent Unit Tst Mngt Co Ltd (1200)F

Co-op Pension Fds UT Mngrs Ltd (1000)F

Brycourt Unit Tst Mngt Ltd (1400)F

Gartmore Fund Managers

National Provident Inv Mngrs Ltd (1400)H

NFU Mutual Unit Mngrs Ltd (1400)F

NM Unit Trust Mngrs

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. [illegible]

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)H

M & G Securities Ltd

Morgan Grenfell Trust Managers Ltd

Allied Dunbar Assurance Plc – Contd.

City of Westminster Assurance (z)

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Guardian Royal Exchange – Contd.

Liberty Life Co Ltd

Investors Assurance Ltd – Contd.

The Life Association of Scotland

Target Trust Mngrs Ltd

Templeton Unit Trust Managers Ltd

Thornhill Unit Trust Managers Ltd

Thurlow Unit Managers Ltd

Trades Union Unit Tst Mngrs Ltd

Triton Fd Mngrs Ltd

United Charities Unit Trusts

Wardley Unit Tst Mngrs Ltd

Waverley Unit Tst Mngmt Ltd

Wessex Asset Management

Whittingdale Unit Tst Mngmt Ltd

Willbro Financial Services Ltd

Woolwich Unit Trust Managers Ltd

Wright Seligman Fund Mngmt Ltd

OTHER UK UNIT TRUSTS

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acuma Life Assurance Ltd

Aitken Life Assurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co. Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Citibank Life

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Life Assurance Co Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insur Plc

Graham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

Continued on next page

FT MANAGED FUNDS SERVICE

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or −	Yield Gross
Life Managed Fd	98.7	103.9	+0.2	–
Pension Managed Fd	94.3	99.3	+0.2	–
Life Deposit Fd	104.8	110.3	----	–
Pension Deposit Fd	109.0	114.7	----	–

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Managed Cautionary	104.2	113.9	−0.2	–
Managed Growth	127.4	139.3	−0.1	–
Managed Opportunity	123.4	133.7	−0.1	–
NFMC Target Financial	94.9	102.1	−0.2	–
Pension Funds				
Managed Cautionary	112.4	122.9	−0.3	–
Managed Growth	133.2	146.4	−0.2	–
Managed Opportunity	125.9	137.6	−0.2	–
NFMC Target Mngd Pen	1407.1	1529.5	+2	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or −	Yield Gross
Harvester Pension Funds				
Managed	151.6	159.6	+0.9	–
UK Equity	158.2	166.6	+2.1	–
Overseas Equity	124.2	130.8	−0.4	–
Fixed Interest	142.5	150.1	−0.6	–
Property	130.1	137.0	−0.6	–
Index Linked	144.3	151.9	−1.2	–
Deposit	151.3	159.3	+0.4	–
With Profits (B)	126.5	133.2	+0.2	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	329.2	346.6	+0.5	–

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or −	Yield Gross
Initial Equity	146.5	155.0	+0.5	–
Accum Equity	208.0	219.5	+0.5	–
Accum Managed	214.5	226.5	----	–
Accum Five Star	159.0	168.0	----	–
Accum World	115.0	121.5	----	–
Accum Lifetime	106.6	106.6	+0.2	–
Pens Acc Equity	222.0	234.5	+1.0	–
Pens Acc Managed	263.5	278.0	+0.5	–
Pens Acc Intl	190.5	201.0	−0.5	–
Pens Acc Deposit	192.5	203.0	+0.5	–
Pens Acc Five Star	171.5	181.0	----	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or −	Yield Gross
UK Equity Acc	211.4	223.0	+0.3	–
UK Fixed Int Acc	168.4	177.7	+0.1	–
Intl Equities Acc	162.9	171.9	----	–
UK Managed Acc	164.4	173.4	+0.1	–
Property Acc	225.4	237.8	−1.0	–
Money Acc	126.1	133.1	----	–
Special Market Acc	125.8	132.8	+0.3	–
Japan Equity Acc	99.8	105.3	+1.0	–
North American Acc	93.5	98.7	−0.3	–
Pacific Acc	84.4	89.1	+0.2	–
Technology Acc	103.4	109.1	−1.4	–
Nat Resources Acc	47.8	50.5	+0.4	–
European Acc	96.1	101.4	−0.5	–
Residential Prop Acc	95.7	101.0	----	–
Swiss Equities Acc	33.4	35.3	−0.6	–
Hong Kong Acc	54.0	57.0	----	–
UK High Inc Eq Acc	70.3	74.2	+0.1	–
Int Fixed Interest Acc	54.7	57.8	+0.1	–
Int Managed Acc	53.4	56.3	−0.1	–
HIP Managed Acc	105.9	111.7	----	–
HIP Managed II Acc	93.4	98.5	+0.1	–
HIP Managed III Acc	–	–	----	–
Total Investment Bond				
UK Equity Initial			+0.2	–

Royal Heritage Life Assurance Ltd – Contd.

	Bid Price
Pension Unit Trust Funds	
Gartmore Global Ser B	148.2
Gartmore NA Ser B	87.4
Gartmore Pacific Ser B	224.1
Henderson Acc Ser B	175.1
Perpetual Mng Ser B	175.5
Framlington Mn Ser B	161.8
Gartmore Mngd Ser B	192.5
Gartmore Euro Ser B	140.5
Gartmore Global Ser D	94.1
Gartmore NA Ser D	100.0
Gartmore Pacific Ser D	118.9
Henderson Acc Ser D	130.8
Perpetual Mng Ser D	129.5
Framlington Mn Ser D	130.6
Gartmore Mngd Ser D	199.8
Gartmore Euro Ser D	108.5
Baring Funds	
Australia	61.6
Eastern	207.6
European Smllr Cos	198.2
Japan Sunrise	117.6
Managed	126.2
MIM Britannia	
European Smaller	122.1
US Smlr Co's	94.3
Extra Inc	136.6
Sth & East Asia Gwth	161.9
Gold	26.6
Inc Growth	251.2
Japan Perf	224.5
Japan Smlr Cos	180.4
Nat High	216.8
Prop Shares	130.8
Smaller Cos	170.3
Max Growth	185.9
Gilt	70.0
Gartmore Funds	
American	243.5
British	342.9
European	169.8
Extra Inc	183.3

OFFSHORE AND OVERSEAS

OFFSHORE INSURANCES

MANAGEMENT SERVICES

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND

ISLE OF MAN

JERSEY

FT MANAGED FUNDS SERVICE

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Nikko Capital Mngt (Europe) Ltd

Sarasin Funds Mngmt (Guernsey) Ltd

Saudi International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Stonehage Fund Mngrs Ltd

U.S. Treasury Securities Fund Ltd

Yamaichi Capital Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (u)

MI Global Asset Mngmt Co Ltd

IRELAND (REGULATED)(**)

Baring International Fd Mngrs (Ireland) Ltd

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (IoM)

Global Funds Ltd

CMI Fund Managers (IoM)

Equity & Law Intl Fund Mngrs Ltd

Gartmore Fund Managers (IoM)

Mercury Fund Managers IoM Ltd

Refuge Overseas (IoM)

Sun Life Management (IoM) Ltd

Unibank Scandinavian Fund Ltd

ISLE OF MAN (REGULATED)(**)

CAL Investments (IoM) Ltd

Duncan Lawrie Inv. Mgt. Ltd

Gartmore Fund Managers (IoM) Ltd

John Govett Management (IoM) Ltd

Target International (Isle of Man) Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

Barclays International Funds

Brown Shipley Fund Mgmt (CI) Ltd

John Govett (Channel Islands) Ltd

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

INVESCO MIM International (Jersey) Ltd

Lloyds Bank (CI) U/T Mgrs

Midland Bank Fund Managers (Jersey) Ltd

Royal Trust Jsy Fd Mngt Ltd

TSB Trust Funds (CI)

JERSEY (REGULATED)(**)

Barclays Intl Funds

Brown Shipley Fund Mgmt

CIBC Fund Managers Ltd

EBC Trust Company (Jersey) Ltd

Equitilink International Mngt Ltd

Fidelity Investment (CI) Ltd

Fleming Group

Foreign & Colonial Mngt (Jersey) Ltd

John Govett Management (Jersey) Ltd

INVESCO MIM International Limited

Morgan Grenfell Jersey Ltd

Midland Bank Fund Managers (Jersey) Ltd

Minerals, Oils Res. Shrs. Fd. Inc.

Murray Johnstone (Jersey) Ltd

Nat. Westminster Jersey Fd. Mgrs. Ltd

Northgate (Intl Tst. Mngr. (Jersey) Ltd

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Prudential Intl Financial Services Ltd

Royal Trust Intl Fd Mngt Ltd

Schroder Mngt Services (Jersey) Ltd

Scimitar Worldwide Money Fund Ltd

Scimitar Worldwide Selection Fd Ltd

Save & Prosper International

Target Internat. Management (Jersey) Ltd

Tyndall International (Jersey) Ltd

Warburg Asset Management Jersey Ltd

Wardley Fund Managers (Jersey) Ltd

Worldinvest (Managers) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Abbey Global Investment

AEtna Federated Intl Mngrs (Lux) SA

Barclays Intl Funds (Luxembourg)

CMI Asset Management (Luxembourg) SA

Commercial Union Luxembourg SA

Crossrate Asset Advisors (Lux) SA

Dresdnerbank Asset Mngmt SA

Equi/Fund-Wright National Eqty Fd

Fidelity Funds

Fleming Group

Gartmore Luxembourg SA

Henderson Management SA

Hill Samuel Inv Services Intl SA

Hypo Foreign & Colonial Port Fd Sicav

INVESCO MIM International Limited

Ivory & Sime (Luxembourg)

Kleinwort Benson Select Fund

Liberty ALL-STAR World Pfolio-Eqty Fd

Lloyds Bank Luxembourg

Midland International Circuit Fund SICAV

Morgan Grenfell UT Mgrs/Deutsche Bank

Norwich Union Intl Portfolio

Scottish Equitable Intl

Schroder International Selection Fd

S.G. Warburg Asset Mgmt Lux SA

Sun Life Global Management

Touche Remnant (Guernsey) Ltd

Tyndall Global Fund SICAV

LUXEMBOURG (REGULATED)(**)

Alliance Capital

Asian Development Equity Fund

Banque Paribas Luxembourg

CB Fund International

Capel-Cure Myers Intl Fd Sicav

Cedrealor

Daiwa Japan Gen Fund

Dean Witter World Wide Invst. Tst SA

The Dragon Fund Sicav

Dresdnerbank Asset Management SA

Espirito Santo Investment Mgmt (SICAV)

Eureca Management S.A.

Europe Plus Investissement (SICAV)

Europe Value Fund

Fidelity Intl Inv Mngt (Luxembourg) SA

Finistra International Group NV

Fleming Group

Gartmore Indosuez Funds

Kleinwort Benson Unit Managers Ltd

Morgan Stanley Sicav

Nikko Luxembourg S.A.

Nomura Asia Europe Fund

Nomura Asian Investment Fund

Nomura Global Fund

Nomura Prudential Bd Fd

Nomura Rosenberg Global Fund

Rosenberg Management SA

Rosenberg US Japan Mngmt Co SA

SOGETECH SA

Strategic International Gold Fund S.A.

Target International Fountain Fund

Templeton Worldwide Investments

Top Brand Fund Intl-SICAV

Transworld Bond Trust

US Pacific Stock Fund

Credit Commercial de France

Credit Suisse

Unibank SA, Frontrunner I

Unico Financial Services SA Lux

Viking Fund-SICAV

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund-SICAV

World Capital Gwth Fd-SICAV

Yamaichi Advanced Technology Fd

Yamaichi 1992 DMM Fund SICAV

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Investments AG

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Aberdeen Fund Managers (Gsy) Ltd

Asia Investment

Asian Malaysian Growth Fd (Cayman) Ltd

Alliance Capital

Arrai Associates Ltd

Asian Convertibles & Income Fd (Cayman)

Austro-Hungary Fund Ltd

Julius Baer Bank & Trust Co Ltd

Baring International Group

Bermuda Intl Invmt Mngmt Ltd

Bordier Funds Ltd

Bridge Management Ltd

Butterfield Management Co Ltd

CBC International

Castrade ITEC Fund Management

Citizens Investment Trust Mgt Co Ltd

Connaught Investments Ltd

Credit Lyonnais Intl Asset Mgmt (HK) Ltd

Daiwa International Capital Management

DWS Deutsche Ges. F. Wertpapiersparen

Daiwa Investment Trust Co Ltd

Daiwa Japan Equity Warrant Fund

Deutscher Investment-Trust

Emerging Markets Management

English & Dutch Investment Trust

Ermitage Group

Fidelity Investment (CI) Ltd

First Mexico Income Fund

Five Arrows Chile Fund Ltd

Forbes Securities Management Ltd

Formosa Fund

Frankfurt Trust Investment GmbH

The French Prestige Fund

Frobisher Fund Limited

GT Chile Growth Fund Ltd

GT European Warrant Fd Mngrs (Lux) SA

GT Investment Mngmt Co SA

GT Management Plc

GW Investment Mngmt Ltd

Gaia Currency Funds

Gartmore Investment Ltd

Genesis Fund Managers Ltd

German Selection Asset Mgt N.V.

Global Asset Management Corp

Global Government Plus Fund

John Govett Mngmt (IoM) Ltd

Guinness Management Limited

Group One Limited

Group One International Tst

Hambros Bank (Guernsey) Ltd

Harmon Investment Partners Ltd

Hauptmann Hldgs NV Curacao

Hill Samuel Investment Services Intl (u)

Huntington World Investors Fds Ltd

The India Magnum Fund NV

Indosuez Asia Invest Services Ltd

Intermarket Fund

Japan Capital Support Trust

Japan Selection Assets N.V.

Jardine Fleming Unit Trusts Ltd

Kestrel Management Ltd

Korea International Trust Co Ltd

Lehman Brothers Sports Growth Fund

Lloyds Bank (CI) U/T Mngrs

Lloyds Bank Geneva Switzerland

London & Bishopsgate International NV

London Portfolio Services plc

McDonnell & Co Ltd

Magnum Fund Mngmt (Bermuda) Ltd

Malaysia Capital Fund Ltd

Malaysia Growth Fund

Malaysia Select Fund Ltd

Malaysian Smaller Co's Fd (Cayman) Ltd

Man International Futures

Meridian Funds

Merrill Lynch Group

Morgan Stanley Japanese Warrant Fund NV

NM Financial Mngt Intl Ltd

The New Zealand Fund

Newport International Management

Nomura Warrant Fund 1990 Ltd

North Star Fund Managers (Cayman) Ltd

Optima Group

Orbex Investment Management Ltd

Orbitex Bahamas Ltd

ORIENT Growth Fd

PAM Futures Trading (Cayman) Ltd

PFC Internatl Portfolio Fd Mngt Ltd

Pacific Growth Fund

Pierson Heldring & Pierson

Parkway Investment Fund Ltd

Prospect N.I. Port N.V.

Putnam International Advisers Ltd

Quantum Fd NV Curacao

Quilter International Management Ltd

Real Estate Strategies Ltd

Regent Fund Management (CI)

NM Rothschild Asset Management Ltd

Royal Trust North American Bond Fd

Sabre Fund Mngt Ltd

Safra Republic Holding

Schroder Investment Management Limited

Schroders Asia Limited

Schroders Australia Ltd

Scimitar Bermuda Funds

Scudder, Stevens & Clark Inc

Seapape Securities (Bermuda) Ltd

Siam Smaller Companies Fund Ltd

Singer & Friedlander Ldn. Agents

Skandifond

Societe Generale Merchant Bank plc

Soditic Asset Management Inc

Sterling Offshore Fund Admin. Ltd

Taiwan Fund Management Limited

Taipei Fund

Templeton Galbraith & Hansberger Ltd

The Thai Development Capital Fd

The Thai-Euro Fund Ltd

The Thai Prime Fund Limited

The Thailand Fund

The Thailand Growth Fund

The Thailand Intl Fund Ltd

T. Rowe Price Associates, Inc

Tokyo Pacific Holdings N.V.

Three-Way Asset Allocation Funds

Tudor BVI Futures Ltd

Tudor G-5 Ltd

Tudor G-5 Unit Trust (Japan)

Tyndall International (Bermuda) Ltd

Warburg Inv Mngmt (Isle of Man) Ltd

S.G. Warburg Investment Services Ltd

Wellington Fd Mngrs (Cayman) Ltd

Wells Fargo U.S. IT Fund

Xiphias International Investment Fd Ltd

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling weathers rate cut

STERLING LOST a little ground to the dollar and the D-Mark, but generally performed well after the [illegible] in UK [illegible] base [illegible] to 13 per cent.

The pound [illegible] lost about [illegible] pfennig [illegible] the D-Mark, but after touching a low of DM2.9125 the British currency [illegible] and at the London close support had held at DM2.9150.

Wholesale [illegible] eased further after the cut, but this was shrugged off by the pound. At the close of London trading sterling had [illegible] cent to $1.9170. It had also declined to DM2.9150 from DM2.9200 and [illegible] Y255.00. [illegible] had improved [illegible] from FFr9.9150 and [illegible] from SFr3.5050. The pound's index finished 0.1 down at [illegible].

Sterling [illegible] krone in the European Monetary System, but remained above the [illegible] placed French franc. The Spanish [illegible] stayed [illegible] its ceiling against the franc [illegible] medium [illegible] longer dated [illegible] eased [illegible] the [illegible] after the cut in UK rates.

Lower yields are expected at today's [illegible] of Spanish Treasury [illegible] that the Bank of [illegible] finding difficulty in following a tight monetary policy [illegible] interest rates among several other members of the EMS exchange rate mechanism are declining.

French officials have made it clear that as long as the franc is under no pressure against the D-Mark they regard strains within the ERM as a Spanish problem. Paris does not see the franc as weak, but the peseta as too strong.

The franc was little changed against most ERM currencies at the Paris fixing, despite disappointing French economic news. A larger than expected January trade deficit, announced Tuesday, was followed yesterday by a rise in January year-on-year inflation to 3.5 from [illegible] per cent.

A sharp deterioration in Italy's [illegible] performance had little impact on the lira, which remained firm within the ERM. Italy had a deficit of L4.99 trillion in January compared with a surplus of [illegible] trillion in December, but the Bank of Italy bought DM10m at the Milan fixing to prevent the lira rising [illegible] sharply against the D-Mark. It was the first intervention by the central bank at a fixing since February 11.

The dollar traded quietly, showing mixed changes. Profit taking continued to weigh on the currency after its recent rally from record lows. There was no attempt to test resistance at DM1.5300 and Y133.00.

At the London close the dollar had improved to DM1.5210 from DM1.5200; to SFr1.3180 from SFr1.3045; and to FFr5.1750 from SFr5.1635, but had fallen to Y132.25 from Y132.75. Its index declined to 61.3 from 61.5.

The Swiss franc weakened, as it lost its status as a safe haven during the Gulf war, and the D-Mark declined against the [illegible] falling below support [illegible].

[illegible] IN NEW YORK

Feb 27	Latest	Previous Close
£ Spot	1.9190 - 1.9200	1.9190 - 1.9200
1 month	1.02 - 1.00pm	1.00 - 0.98pm
3 months	2.81 - 2.78pm	2.88 - 2.85pm
12 months	8.07 - 7.97pm	8.45 - 8.35pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb 27	Previous
8.30 am	94.0	94.2
9.00 am	94.1	94.2
10.00 am	94.1	94.2
11.00 am	93.9	94.1
Noon	93.9	94.2
1.00 pm	93.8	94.2
2.00 pm	93.9	94.1
3.00 pm	93.9	93.9
4.00 pm	93.9	93.9

CURRENCY MOVEMENTS

Feb 27	Bank of England Index	Morgan* Guaranty Changes %
Sterling	[illegible]	-18.4
U.S. Dollar	[illegible]	-17.8
Canadian Dollar	[illegible]	+0.9
Austrian Schilling	[illegible]	+12.3
Belgian Franc	[illegible]	-1.5
Danish Krone	[illegible]	+5.0
D-Mark	[illegible]	+25.8
Swiss Franc	[illegible]	+22.0
Dutch Guilder	[illegible]	+16.8
French Franc	[illegible]	-12.2
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). [illegible] for Feb 26.

CURRENCY RATES

Feb 27	Bank rate %	Special * Drawing Rights	European † Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

† European Commission Calculation. * All SDR rates are for Feb 26.

OTHER CURRENCIES

Feb 27	£	$
[illegible]	[illegible]	[illegible]

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; FT-SE 100 INDEX

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; U.S. TREASURY BILLS (IMM); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); SWISS FRANC (IMM); STANDARD & POORS 500 INDEX; PHILADELPHIA SE £/$ OPTIONS

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; OPTION ON LONG-TERM FRENCH BOND (MATIF); THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
March	90.34	90.45	+0.10	90.45	90.32	9.55	20,259
June	90.61	90.71	+0.09	90.75	90.54	9.29	17,022
September	90.79	90.86	+0.06	90.89	90.72	9.14	4,206
December	90.85	90.96	+0.10	90.99	90.85	9.04	2,115

[illegible] 17,223 Total Open Interest 43,602

CAC-40 FUTURES (MATIF) Stock Index

	Open	[illegible]	Change	High	Low	Open Int.
February	1696.0	1738.0	+28.0	1738.0	1695.0	6,472
March	1709.0	1753.0	+28.0	[illegible]	1709.0	5,[illegible]
April	1721.0	1721.0	-16.0	1721.0	1721.0	4
June	-	-	-	-	-	200

Estimated volume 14,071 Total Open Interest 12,618

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9170	1.9068	1.8890	1.8673	1.8360

IMM-STERLING $s per £

	Latest	High	Low	Prev.
[illegible]	1.9070	1.9102	1.9062	1.9118
[illegible]	[illegible]	1.8850	1.8804	[illegible]
Sep	[illegible]	1.8610	[illegible]	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 27	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.726	-4.42	5.80	77
Belgian Franc	42.4032	42.2345	-0.40	1.53	26
Italian Lira	1538.24	1532.50	-0.37	1.51	26
D-Mark	2.05586	2.05158	-0.21	1.34	23
Dutch Guilder	2.31643	2.31274	-0.16	1.29	15
Irish Punt	0.767417	0.769460	0.27	0.86	-5
Danish Krone	7.84195	7.88046	0.49	0.63	-16
Sterling	0.696904	0.702782	0.84	0.28	-17
French Franc	6.89509	6.97293	1.13	0.00	-54

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9105 - 1.9240	1.9165 - 1.9175	1.03-1.01cpm	6.38	2.82-2.79pm	5.85
Canada	2.1985 - 2.2130	2.2060 - 2.2070	0.70-0.61cpm	3.56	1.61-1.47pm	2.79
Netherlands	3.2820 - 3.3025	3.2825 - 3.2925	1¼-1⅛cpm	4.33	3¼-3pm	3.80
Belgium	59.80 - 60.35	59.95 - 60.05	22-19cpm	4.10	58-51pm	3.63
Denmark	11.1845 - 11.2100	11.2000 - 11.2100	3¼-3orepm	3.41	7¼-7pm	2.63
Ireland	1.0900 - 1.1050	1.0930 - 1.0940	0.29-0.20ppm	2.69	0.67-0.46pm	2.07
Germany	2.9125 - 2.9270	2.9125 - 2.9175	1⅛-1pfpm	4.37	2⅞-2⅝pm	3.77
Portugal	253.60 - 255.95	254.00 - 255.00	13-28cdis	-0.97	53-122dis	-1.38
Spain	181.10 - 182.20	181.10 - 181.40	24-40cdis	-2.12	55-73dis	-1.41
Italy	2172.15 - 2190.55	2178.25 - 2179.25	2-parlirepm	0.55	3-1pm	0.37
Norway	11.3850 - 11.4485	11.4250 - 11.4350	2½-2orepm	2.36	5¾-5⅛pm	1.90
France	9.9050 - 9.9535	9.9150 - 9.9250	3½-3¼cpm	3.93	8¼-7⅞pm	3.25
Sweden	10.8145 - 10.8815	10.8300 - 10.8400	1⅛-1orepm	1.25	3¼-2⅝pm	1.06
Japan	253.00 - 255.30	253.00 - 254.00	1⅛-1ypm	5.03	3⅛-3pm	4.83
Austria	20.47 - 20.61	20.47 - 20.50	8-7gropm	4.39	20⅛-17⅝pm	3.69
Switzerland	2.5130 - 2.5275	2.5175 - 2.5275	1⅛-1cpm	5.06	3⅛-2⅞pm	4.76
Ecu	1.4155 - 1.4180	1.4160 - 1.4170	0.50-0.43cpm	3.94	1.22-1.09cpm	3.26

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.00-4.95cpm. [illegible] Month [illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9105 - [illegible]	1.9165 - 1.9175	1.03-1.01cpm	6.39	[illegible]	5.85
Ireland†	1.7465 - [illegible]	1.7515 - 1.7525	0.61-0.56cpm	4.01	1.82-1.72pm	4.04
Canada	1.1480 - [illegible]	1.1510 - 1.1520	0.26-0.29cdis	-2.87	[illegible]0.92dis	-3.11
Netherlands	1.7125 - [illegible]	1.7145 - 1.7155	0.31-0.34cdis	-2.27	[illegible]1.01dis	[illegible]
Belgium	31.25 - [illegible]	31.25 - 31.35	5.00-7.00cdis	-2.30	[illegible]21.00dis	[illegible]
Denmark	[illegible] 5.8620	5.8425 - 5.8475	1.40-1.70oredis	-3.18	4.75-5.35dis	[illegible]
Germany	[illegible] 1.5275	1.5205 - 1.5215	0.28-0.30pfdis	-2.29	0.87-0.90dis	[illegible]
Portugal	[illegible]	132.90 - 133.00	70-80cdis	-6.77	240-260dis	[illegible]
Spain	[illegible]	94.70 - 94.80	63-66cdis	-8.17	175-183dis	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 27	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 7⅝-7½ per cent; three years 8-7⅞ per cent; four years 8⅛-8 per cent; five years 8¼-8⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb 27	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Base rates 13%

WHOLESALE INTEREST rates continued to fall in London yesterday after the Bank of England approved a cut in UK bank base rates.

When the central bank announced its forecast of yesterday's credit shortage it also offered to the discount houses at 13 per cent. This was ¼ point below the existing lending rate and was immediately followed by cuts of [illegible] point to 13 per cent in clearing bank base rates.

UK clearing bank base lending rate 13 per cent from February 27, 1991

Three-month interbank then fell to 12⅜-12¼ from 13⅛-12⅞ per cent and 12-month money declined to 11⅞-11¾ from 12-11⅞ per cent.

Prices of short sterling futures rose on Liffe. The March contract expires on March 20, one day after the Budget, and at yesterday's close was discounting a base [illegible] of 12¼ per [illegible] delivery. March short sterling opened lower at 87.33, but rose to a peak of 87.66, [illegible] to close at 87.64 compared with 87.36 previously.

March remained the most active month, but trading also picked up in the June contract. This rose to 88.77 from 88.58, pointing to base rates of 11¼ per [illegible] at delivery.

The Bank of England initially [illegible] a day-to-day credit shortage of £1,250m on the cash market. Apart from informing the market that the official lending [illegible] had been cut to 13 per cent the authorities [illegible] an early round of [illegible].

In the afternoon, the shortage was revised to £1,300m and the Bank of England provided total help of £1,193m, mostly through [illegible] lending for seven days [illegible] underline [illegible] new base rate level.

In early operations the authorities bought £84m bank bills outright in band 2 at 12⅞ per cent. Before lunch another £284m bills were purchased, by way of £3m Treasury bills in band 1 at 12⅞ per cent; £141m bank bills in band 1 at 12⅞ per cent; £3m Treasury bills in band 2 at 12⅞ per cent; and £137m bank bills in band 2 at 12⅞ per cent.

In the afternoon £825m was lent to the market for seven days at 13 per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,022m, with the unwinding of repurchase agreements on bills absorbing £334m, a rise on the note circulation £75m and bank balances below target £90m. These outweighed exchequer transactions adding £290m to liquidity.

FT [illegible] INTERBANK FIXING

[illegible] a.m. [illegible] [illegible] US dollars		[illegible] US Dollars	
bid 6¼	offer 6⅜	bid 6¼	offer 6⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and [illegible]

Prime rate	9	One month	6.35	Three year	7.24
Broker loan rate	8½	Two month	6.20	Four year	7.44
Fed funds	6⅞	Three month	6.22	Five year	7.61
Fed funds at intervention	-	Six month	6.29	Seven year	7.87
		One year	6.34	10-year	7.97
		Two year	7.02	30-year	8.15

Feb 27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.60-8.70	8.85-9.00	8.85-9.00	8.90-9.05	8.90-9.05	9.00
Paris	9⅛-9¼	9⅛-9¼	9⅜-9½	9⅞-9⅞	9⅞-9⅞	9.25
Zurich	7⅝-7⅞	8-8¼	-	7⅞-8⅛	-	-
Amsterdam	8.75-8.90	8.93-9.03	-	8.93-9.03	-	-
Tokyo	8⅛-8⅜	8⅛-8⅜	-	7⅞-7⅞	-	-
Milan	12⅞-13⅛	13⅛-13⅛	-	13⅛-13⅛	-	-
Brussels	9.13-9.25	9⅛-9⅞	-	9⅛-9⅞	-	-
Dublin	11-11⅛	11⅛-11⅜	11⅛-11⅜	11-11⅛	10⅞-11	-

LONDON MONEY RATES

Feb 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14	14	13½	13	12½	12
Interbank Bid	4	13	13⅛	12⅞	12⅜	11¾
Sterling CDs	-	-	13⅛	12⅞	12⅜	11⅞
Local Authority Deps.	14	13⅞	13⅞	13	12⅝	12
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	13½	13⅞	13⅛	12⅝	-	-
Company Deposits	-	-	13½	13⅛	12⅞	12⅞
Finance House Deposits	-	-	13⅞	13	12⅞	12
Treasury Bills (Buy)	-	-	12⅝	12	11⅞	-
Bank Bills (Buy)	-	-	12⅞	12⅛	11⅝	-
Fine Trade Bills (Buy)	-	-	13⅛	12⅞	12	-
Dollar CDs	-	-	6.95	6.77	6.77	6.97
SDR Linked Dep. Offer	-	-	8¼	8⅜	8⅜	8¼
SDR Linked Dep. Bid	-	-	8⅛	8⅛	8⅛	8⅛
ECU Linked Dep. Offer	-	-	9½	9⅞	9⅞	9⅞
ECU Linked Dep. Bid	-	-	9⅜	9⅞	9⅞	9⅞

Treasury Bills (sell): one-month 12⅛ per cent; three months 11⅞ per cent; six months 11⅛ per cent; Bank Bills [illegible] one-month 12⅞ per cent; three months 11⅞ per cent. Treasury Bills; Average tender rate of discount 12.0616 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1991. Agreed rates for period Mar 26, 1991 to April 22, 1991, Scheme I: 14.21 p.c., Schemes II & III: 14.63 p.c. Reference rate for period Feb 1, 1991 to Feb. 28, 1991, Scheme IV&V: 13.357 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base [illegible] 14 from February 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ [illegible] three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ [illegible] cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	[illegible]	Co-operative Bank	[illegible]	Nat Bk. of Kuwait	13½
Adam & Company	13½	Coutts & Co	[illegible]	NatWestminster	13
Allied Trust Bank	14	Cyprus Popular Bk	13½	Northern Bank Ltd	13
AIB Bank	13½	Dunbar Bank PLC	13½	[illegible] Mortgage Bank	14
● Henry Ansbacher	13½	Duncan Lawrie	13½	[illegible] Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	13	Roxburghe Bank Ltd	14½
B & C Merchant Bank	13	Exeter Bank Limited	13½	Royal Bk of Scotland	[illegible]
Bank of Baroda	13½	Financial & Gen. Bank	[illegible]	● Smith & Williamson Secs.	13½
Banco Bilbao Vizcaya	13	First National Bank Plc	16	Standard Chartered	13
Bank Credit & Comm	13½	● Robert Fleming & Co.	13	TSB	[illegible]
Bank of Cyprus	13½	Robert Fraser & Ptnrs.	13½	Unibank plc	[illegible]
Bank of Ireland	13½	Girobank	13	● United Bk of Kuwait	13
Bank of India	13	● Guinness Mahon	[illegible]	United Mizrahi Bank	13½
Bank of Scotland	13	● Hambros Bank	[illegible]	Unity Trust Bank Plc	13
Banque Belge Ltd	[illegible]	Hampshire Trust Plc	14½	Western Trust	13
Barclays Bank	[illegible]	Heritable & Gen Inv Bnk	14	Westpac Bank Corp.	13½
Benchmark Bank	[illegible]	● Hill Samuel	13	Whiteaway Laidlaw	13
Brit Bk of Mid East	13	C. Hoare & Co.	13½	Yorkshire Bank	13
● Brown Shipley	13	Hongkong & Shanghai	13		
CL Bank Nederland	13	● Leopold Joseph & Sons	13		
● Charterhouse Bank	[illegible]	Lloyds Bank	[illegible]		
Citibank NA	13	Meghraj Bank Ltd	13		
City Merchants Bank	13	McDonnell Douglas Bnk	[illegible]		
Clydesdale Bank	13	Midland Bank	13		
Comm.Bk.of London Plc	[illegible]	Mount Banking	13½		

● [illegible] of British Merchant Banking & Securities [illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Cr Equiv	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Money Market Bank Accounts

	Gross	Net	Cr Equiv	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOTTER PAD

CROSSWORD

No.7,481 Set by FETTLER

ACROSS
1 Consider what a sign of hesitation means (6)
4 Conventional craft sails back into view (8)
9 Baited line arranged front to back gets the bird (6)
10 Get value, after editing, and publish (8)
11 [illegible] from which [illegible] backed [illegible] leaves this position (6)
12 Part of the ear, where it's located, might be thumped (8)
13 [illegible] of these exceed nine (3)
14 Short [illegible] is hard salad plant (6)
17 Having this would [illegible] me [illegible] (7)
21 The common [illegible] near being scrapped (6)
25 A somebody? (3)
26 Hanging around near Brighton gang (8)
27 The way retest is done (6)
28 N. Faldo, tee shot left short, having far from perfect pitch (4-4)
29 Trim, endlessly produced, by way of baubles etc (6)
30 Plays rep acted, incline to the square (8)
31 Duck walked along headless – that's bad (6)

DOWN
1 Exotic sepal covering flower gives enjoyment (8)
2 G & S daring to play Scrooges (8)
3 Drill was once coloured cerise (8)
5 Inn that a Verne novel featured (6)
6 Alight here for a fine game (6)
7 Favoured with a handicap in the limits of Goodwood (6)
8 The latest thing in taste is fashionable (6)
12 Artfully aligned for doing business (7)
15 CO's a brass one.... (3)
16 ....because he is (3)
18 Spring streamed under control (8)
19 Bury Doonican between acts (8)
20 Sinister manipulator shows inferior side (4-4)
22 Locked in silence (4,2)
23 This fine street is a meeting place (6)
24 Is some restraint left in a newly-wed? (6)
25 Where sister is advancing (6)

Solution to Puzzle No.7,480

CANARIES DAGGER
COMMANDO TISSUE
EVENTUAL SHRIMP
UMPIRESHIP
PLANGENTLY
TREATY AMNESIAC
ENTOMB BUNFIGHT
DREARY SESTERCE

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices February 27

MONTREAL

3:00 pm prices February 27

INDICES

NEW YORK

DOW JONES	Feb. 28	Feb. 25	Feb. 22	Feb. 21	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2864.60	2887.87	2889.36	2891.83	2934.65 (15/2)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.83	93.97	94.21	94.39	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1108.78	1127.82	1125.35	1116.89	1127.82 (25/2)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.09	216.17	215.35	216.11	217.62 (11/2)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2895.30 (2935.89) Low 2840.10 (2865.35)

STANDARD AND POOR'S

	Feb. 28	Feb. 25	Feb. 22	Feb. 21	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	362.81	367.26	365.65	364.97	369.39 (19/2)	311.49 (9/1)	369.06 (15/2/91)	4.40 (1/6/32)
Industrials	429.98	435.20	432.57	431.51	436.58 (19/2)	364.90 (9/1)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	27.36	27.82	27.95	27.84	28.88 (13/2)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	198.22	200.50	199.65	199.27	201.40 (19/2)	170.97 (9/1)	201.29 (15/2/91)	4.46 (25/4/42)
Amer Mkt. Value	341.46	342.71	342.01	341.75	343.70 (19/2)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	447.71	451.09	448.95	446.38	451.09 (25/2)	355.75 (14/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb. 22	Feb. 15	Feb. 8	year ago (approx.)
Dow Industrial Div. Yield	3.47	3.44	3.57	4.26

	Feb. 20	Feb. 13	Feb. 6	year ago (approx.)
S & P Industrial div. yield	2.19	2.91	3.01	3.15
S & P Indl. P/E ratio	17.77	17.89	17.39	14.12

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
RJ Nabisco	5,362,700	8½	+ ¼
Boeing	2,838,200	46¼	- ¾
Phillip Morris	2,691,500	66¼	- 1⅝
LTV Corp	2,674,100	1¼	+ ¼
IBM	2,227,100	129¾	- 3⅝
Newmont GP	1,819,000	24¼	- ¼
Pepsico	1,662,600	32¼	- ¼
Prime Motor	1,538,700	1¼	+ ⅛
Baker Hugh	1,521,400	28⅝	+ ¼
Gen Electric	1,336,000	68⅝	- 1½

TRADING ACTIVITY

† Volume Millions	Feb. 26	Feb. 25	Feb. 22
New York	164.170	193.820	218.760
Amex	12.567	15.721	15.885
NASDAQ	130.464	149.260	177.008
Issues Traded	2,034	2,031	2,018
Rises	429	928	818
Falls	1,154	630	714
Unchanged	451	473	486
New Highs	35	91	106
New Lows	5	3	1

CANADA

TORONTO	Feb. 26	Feb. 25	Feb. 22	Feb. 21	1991 HIGH	1991 LOW
Metals & Minerals	3064.05	3091.80	3108.65	3133.43	3224.35 (18/2)	2632.06 (9/1)
Composite	3421.38	3445.62	3453.28	3471.87	3532.54 (18/2)	3161.95 (15/1)
MONTREAL Portfolio	1806.79	1826.19	1828.55	1835.22	1882.70 (18/2)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday 27 February 1991

3:15 pm prices February 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13¾	9¼	AAR Corp			7	414	12¾	12⅝	12⅝	-⅛
25¾	21⅞	A L Labs A			18	180	22⅜	22⅛	22⅛	-⅛
52¼	40⅞	AMP Inc	1.44	0.03	17	4885	47⅞	46⅝	47⅝	-⅛
60⅞	44¼	AMR				925256	60⅛	57⅝	59⅛	+1½
2⅜	1¼	ARX			2	5	1⅜	1⅜	1⅜	
48¾	41½	ASA x	3.00	0.07	12	494	43⅞	43⅛	43⅝	+⅞
47⅞	39¼	Abbott Lab			21	3546	47	45⅞	46⅞	+1
13	9⅞	Abitibi Pr	0.50	0.04	17	60	12⅛	12⅛	12⅛	-⅛
11⅛	10⅜	ACM Gvt In				630	11	10⅞	10⅞	-⅛
9⅜	8¾	ACM GvOpp				96	9¼	9	9¼	+⅛
9	8¼	ACM Gvt Sp x	0.34	0.04		114	8⅞	8¾	8⅞	
10¼	9⅞	ACM Gvt Se y				390	10½	10⅜	10⅜	
8¼	7⅝	ACM Man				613	8⅛	8	8	
12½	11⅞	ACM Managd				96	u12½	12⅜	12½	+⅛
7⅛	4¾	Acme Cleve	0.40	0.06	19	49	6¾	6⅝	6¾	+⅛
6	4⅞	Acme Elect			16	36	5	4⅞	4⅞	-⅛
35⅞	22¾	Acuson			27	1190	u35⅛	34⅛	35⅛	+2
16⅛	14¼	Adams Expr	0.46	0.03	0	120	u16⅞	16⅛	16⅞	+⅛
20	16⅞	Adobe12PI				37	19⅞	19⅞	19⅝	-⅛
9¼	7½	Adobe Res			23	11	8¾	8⅝	8¾	
28½	18	Ad Micro x				235	25	24½	25	+⅛
8¾	4⅞	Ad Micro P	3.00	0.35	13	6537	8	7⅝	8	+⅛
4⅞	2¼	Advest Grp			2	113	3½	3⅜	3½	

NYSE COMPOSITE PRICES

continued from previous page

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 27

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pat HIMP		7	4	9	8¾	8⅞	-⅛
Phil LD		8	398	13¼	13	13	-⅛
Pitway A		10	39	u24	23¾	23¾	+⅛
Pl y — Gear	0.12	21	19	6¾	6⅝	6⅝	-⅛
PresidioA		3	449	5⅛	4⅞	5⅛	+⅛

NASDAQ NATIONAL MARKET

3:15 pm prices February 27

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		38	1257	18¼	17¾	18	+½
XL Data		9	54	6½	6¼	6½	
Xoma Corp		18	7698	30¼	28	29½	+1½
YankeeEnS	1.52	16	310	20¾	19¾	20⅛	-⅛
Yellow Fr	0.94	13	616	30½	30	30¼	+½
York Rsch		17	1500	17⅜	16¼	16⅝	-⅜
ZionsUtah	0.80	8	4	35	35	35	-⅛

FINANCIAL TIMES
Thursday February 28 1991

AMERICA

Strong oil sector helps to halt Dow's losing streak

Wall Street

DEMAND for oil shares and the stocks of companies likely to benefit from contracts to rebuild Kuwait pushed share prices higher yesterday morning, ending six consecutive days of declines, *writes Patrick Harverson in New York.*

At 1.30 pm the Dow Jones Industrial Average was up 12.13 at 2,876.73, although off its high of 2,895.54. The Standard & Poor's 500 was also firmer, climbing 4.00 to 366.81 by 1 pm, while the Nasdaq composite of over-the-counter stocks rose 1.81 to 449.52. Big Board turnover was relatively heavy at 127m shares by 1 pm, with advancing issues outpacing declining issues by more than two to one.

Sentiment was aided by a slightly better-than-expected revision in gross national product (GNP) data for the last quarter of 1990, showing a 2 per cent fall in GNP during the period rather than the originally estimated 2.1 per cent. The market had been expecting a less favourable revision. However, analysts pointed out that the quarterly decline was still the worst since the last recession in 1982.

The mood of the market might also have been helped by press reports that Iraq was ready to comply with all the United Nations resolutions, although the successful conclusion to the Gulf war has been almost fully discounted in share prices.

For the second day in succession oil stocks advanced strongly, aided by another rise in crude prices – April crude was up 44 cents at $18.81 a barrel yesterday afternoon – and continued demand from investors who believe the sector has been oversold since the Gulf war started.

Leading the sector higher were Chevron, up $2⅛ at $74⅞ on turnover of ½m shares; Exxon, up $1 at $54⅞ on volume of 1m shares; Texaco, $2⅛ higher at $63⅝; and BP, up $2 at $76⅛. Also rising were Mobil, which advanced $1⅞ to $61⅞, Amoco, up $⅝ at $51⅛, and Royal Dutch Petroleum, $1⅛ higher at $80⅛.

Caterpillar rose $3⅞ to $53⅞ in brisk trading on hopes that the company, which is one of the country's largest manufacturers of earthmoving and construction-related engineering equipment, would win substantial orders from Kuwait.

Trading in Westinghouse Electric's shares was halted mid-morning at $29⅛ for the announcement of a set of gloomy corporate results and a cash call. The company revealed a fourth quarter loss of $449m, which included a pre-tax charge against earnings of $975m. It warned of lower 1991 profits and unveiled plans to issue $600m of common stock.

Woolworth moved against the trend, the giant retailer dropping $1⅞ to $33⅛ after reporting fourth quarter 1990 profit of $1.15 a share, well below analysts' expectations.

Amgen, one of the high-flyers recently on the over-the-counter market, slumped $4¼ to $93 on turnover of 2.1m shares. The stock has tripled in value over the past 12 months, and some analysts believe that Amgen is overvalued.

Canada

TORONTO stocks rose by midsession after a flat opening. The composite inded stood at 3,437.11, up 15.73, at midday, with the financial services index up 25.62 at 2,592.09 and the metals and minerals index 31.08 higher at 3,095.13.

Volume rose to 15.1m shares by midsession, compared with 10.9m on Tuesday morning.

Index highlights UK's international aims

Eurotrack 200 offers a benchmark for all European shares, writes William Cochrane

THIS WEEK the International Stock Exchange (ISE) launched the FT-SE Eurotrack 200 index, another stage in the development of London's international equity market.

Eurotrack 200, with appropriate weighting, effectively marries the FT-SE 100 and the Eurotrack 100 indices which, until now, have represented UK and continental European share price performance separately – giving a benchmark for fund managers who consider Europe, including the UK, to be one global sector, and providing another base for derivatives trading. Plans to launch the first futures contract on the Eurotrack 100 were announced yesterday.

Mr Herschel Post, ISE deputy chairman, said before the launch that international investment had increased significantly in the past couple of years, adding that London was in the forefront of this growth and that Europe was now bringing in the bulk of London's international business.

"For the whole of 1990, trading in European stocks accounted for over 60 per cent of total international equity trading through the ISE," said Mr Post. The ISE's latest quarterly review, covering October-December 1990, notes that the figure hit 55 per cent in the first two quarters of the year before the Gulf crisis affected investor sentiment, and 63 per cent for 1990 as a whole.

The review also shows overseas equity turnover of £34.9bn in London for the third quarter of 1990, compared with £1.8bn in Frankfurt and £648m in Paris. For the record, the US market registered $41.2bn (£21.7bn) of overseas equity business during the same period, and Tokyo £1.1bn.

London trades in foreign equities through the medium of Seaq International, a screen-based electronic marketplace. Marketmakers enter prices directly through a computer system in their dealing rooms.

These prices are fed into the computers of the ISE and relayed simultaneously to all major quote vendors. In this way, subscribers in Japan, Europe and New York receive real-time quotations which are updated throughout the day.

Prices are made by 52 marketmakers, representing the world's leading securities houses; another dozen are waiting to come on to the Seaq International screen. The market is highly liquid, the average bargain size of £156,000 in 1990 (up from £97,000 in 1987) reflecting its institutional nature.

Seaq International was introduced a year before London's Big Bang in October 1986. The ISE felt that it could offer some Big Bang technology early; and some houses, among them the big jobbers of the day such as Ackroyd & Smithers (now part of S.G. Warburg) and Wedd Durlacher (now an arm of BZW) were allowed to trade stocks with dual capacity before Big Bang.

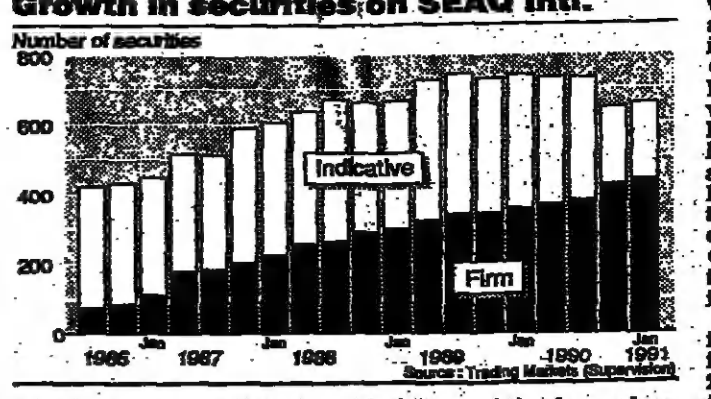
It went through various stages of evolution:

- purely indicative pricing, where subscribers could see prices from various houses on screen
- a firm price rule, with marketmakers agreeing to keep prices up to date, and good for dealing; London has one of the widest "windows" – time available for dealing stocks – in the world
- the introduction of the UK Financial Services Act in 1987, when the SE insisted that all houses making prices should have proper SE membership; as a result London claims to have the reputation of being the best regulated centre for cross-border trading
- and growth, the most sustained form of which has been in continental markets.

The number of blue chip international securities quoted in London, from the markets of 20 major industrialised countries, has diminished a little in the last six months, from nearly 750 to just under 700.

However, the number of stocks quoted on a firm, instead of on an indicative, pricing basis, has moved up from under 350 to around 450 over the same period. Big marketmakers want to trade stocks on a firm basis, says the ISE, and they have been willing to sacrifice indicative pricing in that endeavour.

Growth in securities on SEAQ Intl.



Source: Trading Markets (Supervision)

ASIA PACIFIC

Absence of foreigners cuts volume in half as prices slip

Tokyo

SHARE PRICES fell for a second day yesterday, as discouraged dealers, who had built up positions on Tuesday, continually sold on peaks, *writes Emiko Terazono in Tokyo.*

The Nikkei average lost 188.71 to 26,094.25 and volume halved to 500m shares from 1bn. While traders noted small-lot buying by individuals, fresh cash from foreigners was absent.

The index opened at the day's high of 26,229.13 and soon fell to the day's low of 25,986.69. While selling by dealers and investment trusts depressed prices, the Nikkei found support at 26,000. Analysts said the index was being sustained at that level for window-dressing purposes before the fiscal year-end.

Falls led rises by 739 to 278, and 125 issues remained unchanged. The Topix index of all first section issues declined 17.72 to 1,935.27, and in London trading the ISE/Nikkei 50 index gained 3.53 to 1,495.78.

Traders said share prices were falling on technical factors. Many chartists predicted that the Nikkei average, now 7 per cent higher than its 25-day moving average, could fall until the gap was reduced to 5 per cent.

Only the warehouse sector gained by more than 1 per cent. Yokkaichi Warehouse advanced Y100 to Y2,160. Mr Jonathan McClure at Schroder Securities said investors could soon return to land asset-related stocks, and that Yokkaichi was one of the poorest performers within a laggard sector.

Chiyoda, the plant engineer, gained Y110 to Y2,620 after falling for three consecutive days. Iraqi President Saddam Hussein's orders to his troops to withdraw from Kuwait reinstated hopes that the company would help in the reconstruction of Gulf states.

Mitsubishi Materials, which had been depressed recently on profit-taking, was the most active issue of the day. It added Y45 at Y830. Trading in the shares was halted temporarily in the afternoon due to a flood of orders.

Blue chip electricals were targets of dealer interest. NEC gained Y60 to Y1,630 and Fujitsu added Y30 at Y1,230. Precision stocks were also sought, with Nikon advancing Y30 to Y1,410 and Canon Y50 to Y1,550.

Shiseido, the leading cosmetic producer, lost Y10 to Y2,160. Analysts said that investors holding the company's warrants issued in 1986 with an exercise price of Y2,050 would be converting the contracts into equity shortly.

Bridgestone, the tyremaker, fell Y30 to Y1,100. The company announced positive 1990 results on Tuesday, but investors were discouraged by speculation that its pre-tax profits for this year would fall for the first time in five years.

In Osaka, the OSE average lost 331.98 to 28,763.38 on volume of 63.4m shares, down from 120.5m. Sumitomo Forestry gained Y50 to Y1,710 on fundamentals. The company expects record pre-tax profits for the year ending this March.

Roundup

WALL STREET'S overnight fall depressed most Pacific Rim markets yesterday.

SINGAPORE took heart from reports on the Gulf and the renewed interest from foreigners, and recovered from early profit-taking. The Straits Times Industrial index ended 10.57 higher at 1,448.35 in turnover of S$241m, after S$266m.

KUALA LUMPUR slipped on profit-taking, the composite index shedding 2.34 to 561.13 in volume of 102m shares, down from 132m.

SEOUL eased in moderate trading as investors took profits. The composite index dipped 5.56 to 671.71 in turnover of Won233bn, against Won293bn on Tuesday.

NEW ZEALAND came off the day's low on some late buying. The Barclays index ended down 9.34 at 1,344.92 after losing 12.6 early in the day. Turnover came to NZ$13.4m, compared with the previous day's NZ$13.7m.

AUSTRALIA fell 1.6 per cent on poor company results. The All Ordinaries index ended 23.0 lower at 1,390.4 in turnover of A$165m, after A$204m.

BTR Nylex, a plastics and rubber manufacturer, fell 9 cents to A$2.85 after reporting a fall in 1990 results.

TAIWAN gained ground. The weighted index climbed 30.36 to 4,869.82 as volume decreased to T$45.7bn from T$64.4bn.

HONG KONG declined on profit-taking in quiet trading. The Hang Seng index slipped 19.64 to 3,512.79 and turnover shrank to HK$1.16bn from HK$1.62bn, its lowest level in more than three weeks.

BANGKOK's SET index shed 7.01 to 769.13 on about 3.9bn baht turnover. Dealers expected shares to recover on Friday when the market reopens after today's holiday, before a new civilian government is announced at the weekend.

JAKARTA retreated across the board after the government forced state companies to buy central bank paper in a move to curb inflation and dampen foreign exchange speculation. The official index was unavailable but the Jardine Fleming index finished 2.08 weaker at 93.99.

MANILA fell for a second day. The composite index declined 9.64 to 966.69 in turnover of 153m pesos, after 255m.

BOMBAY rose in spite of profit-taking, the BSE index adding 16.35 at 1,221.55.

SOUTH AFRICA

GOLD shares climbed further in Johannesburg as bullion prices firmed, but volume was thin. The all-gold index gained 30 to 1,029 and the overall index firmed 9 to 2,767, but the industrials fell 4 to 3,209. Freegold rose 75 cents to R21.

EUROPE

Bourses overcome early weakness to end firmer

MOST BOURSES recouped early losses to end higher yesterday, for a variety of corporate and economic reasons, *writes Our Markets Staff.*

FRANKFURT declined at the opening mainly on foreign selling, but, as the real-time DAX index neared 1,540, domestic buying triggered a turnround. A strong performance from the steel sector and signs that Bayer, the chemical company, would hold its 1990 dividend also helped the market higher.

The DAX index ended 7.28 up at 1,558.24, while the FAZ, calculated at midsession, eased 3.95 to 659.44. Volume fell to DM6.1bn from DM6.2bn.

Analysts said that, while the market had not fully discounted the economic slowdown expected this year, its short-term outlook was favourable from a technical point of view, thanks to the abundance of liquidity which could drive it to 1,670 on the DAX.

Bayer rose DM4.70 to DM262 after the news that it would pay the same bonus to employees for 1990 as in 1989. In the same sector, Hoechst rose DM3.30 to DM250.50.

Among steels, Metallgesellschaft jumped DM19 to DM483.50 on speculation that Kuwait's 20 per cent in the company would entitle it to a share of the reconstruction contracts in the Gulf. But some dealers were wary, noting that Germany had played a relatively small role in the war. Klöckner-Werke rose DM5 to DM138.50 after saying that it would pay its first dividend for 17 years.

Asko, the retailer, fell DM11 to DM785 following news late on Tuesday that it had bought an indirect stake of 36 per cent in Adia, the Swiss employment group. Dealers said the market was disappointed that Asko's management could not give a reasonable justification for the investment in Adia, and that it was not keeping its promise to make the balance sheet more transparent.

ZURICH finished higher after the reversal in Frankfurt and Wall Street's opening rise. The Crédit Suisse index gained 10.1 or 1.9 per cent to 540.5.

Adia, the employment agency, saw its bearers leap SFr135 or 17 per cent to SFr930 in active trading, on Tuesday's late news that Omni Holding, the investment company, had sold its controlling stake. The stock was suspended briefly at the start of the session. Gebrüder Sulzer, which is 30 per cent-owned by Omni, rose SFr290 to SFr4,800 in speculative trading. Omni bearers fell SFr10 to SFr680.

Leu Holding bearers rose SFr90 or 6.7 per cent to SFr1,440, after an article in a Swiss financial newspaper.

PARIS reversed early losses to end 1.1 per cent higher, on hopes of lower interest rates, a firm bond market, arbitrage buying and Wall Street's stronger opening. The CAC 40 index gained 18.71 to 1,731.02, after falling to 1,695.77 earlier. Turnover grew to about FFr2.4bn.

Eurotunnel, which should benefit from the British rate cut, rose FFr1.95 or 3.9 per cent to FFr52.15 with 3.5m shares exchanged.

Construction stocks were strong: Bouygues gained FFr27 or 4.9 per cent to FFr578. Scoa, the trading group which has been strong in recent days, shed FFr1 or 5 per cent to FFr18.90 on 189,500 shares.

STOCKHOLM extended its winning streak to a ninth session. The Affärsvärlden General index recouped early losses to finish 5.0 up at 1,061.1 in good turnover of SKr547m, down from SKr623m.

SKF, the ball bearings maker, saw its B shares fall SKr2 to SKr95 after reporting a fall in pre-tax profits.

MADRID rose on hopes of lower interest rates, following the UK cut. The general index added 1.40 to 264.08. Banco Santander rose Pta90 to Pta5,180 on 1.16m shares, including two large blocks reportedly bought by a US fund.

MILAN fell, with a few exceptions, in volume estimated at less than Tuesday's L225bn. The Comit index lost 3.09 to 571.65.

There was sustained volume in Pirelli, the tyre manufacturer, on growing confidence that it and its allies had gained control of 51 per cent of Continental of Germany, with which it wants to merge its tyre operations. Mr Ulrich Weiss, supervisory board chairman of Continental, indicated in an Italian financial newspaper article that some form of collaboration could be reached. Pirelli rose L20 to L1,740, gaining a further L30 after hours.

AMSTERDAM's opening was delayed for an hour by technical problems, but it reversed early losses as the cut in UK interest rates lifted international shares. The CBS tendency index added 0.3 to 86.5.

Akzo, the chemical company, fell to Fl 88 before closing Fl 1.80 up at Fl 91.80. It reported a smaller-than-expected dividend cut, and a fall in 1990 net profits in line with expectations. Unilever, which accounted for Fl 83.1m of total volume of Fl 685.2m, lost Fl 3.30 to F 147.60 on US selling.

ISTANBUL fell on profit-taking. The 75-share index lost 163.18 or 3 per cent to 5,270.52.

FT-SE Eurotrack 100 - Feb 27

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1045.85	1046.40	1049.70	1052.35	1054.74	1057.15	1056.31	1056.65

Day's High 1062.82 Day's Low 1045.37

Feb 26	Feb 25	Feb 22	Feb 21	Feb 20
1050.88	1071.93	1053.96	1047.96	1038.67

Base value 1000 (26/10/90)

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	TUESDAY FEBRUARY 26 1991 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY FEBRUARY 25 1991 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	133.96	+0.3	103.41	112.41	105.86	113.56	+0.1	6.04	133.58	102.99	112.60	105.74	113.46	158.31	112.74	139.39
Austria (19)	216.23	-1.2	166.92	181.45	170.87	171.80	-0.5	1.59	218.75	168.65	184.39	173.15	172.47	285.68	167.00	264.01
Belgium (60)	148.66	-0.3	114.76	124.73	117.47	115.30	+0.0	5.11	149.14	114.98	125.71	118.05	115.30	160.02	121.73	134.02
Canada (116)	135.96	-0.8	104.96	114.08	107.43	113.41	-0.8	3.54	137.09	105.70	115.55	108.51	114.36	153.61	121.24	138.10
Denmark (32)	266.03	-1.1	205.37	223.24	210.23	212.30	-0.6	1.63	268.97	207.37	226.72	212.90	213.55	277.62	217.74	249.35
Finland (21)	113.22	-1.1	87.40	95.01	89.47	87.54	-0.6	3.21	114.43	88.22	96.46	90.58	88.10	152.29	90.61	147.98
France (113)	146.05	-1.4	112.75	122.54	115.40	118.27	-1.6	3.49	148.06	114.15	124.80	117.19	120.19	168.85	121.85	143.90
Germany (88)	121.65	-2.1	93.91	102.09	96.13	96.13	-2.3	2.37	124.26	95.80	104.75	98.35	98.35	144.63	101.38	125.35
Hong Kong (48)	142.97	+0.2	110.37	119.97	112.98	143.04	+0.2	4.69	142.65	109.98	120.24	112.92	142.73	147.49	112.24	119.99
Ireland (16)	167.20	-1.5	129.08	140.31	132.13	134.90	-1.4	3.39	169.76	130.88	143.09	134.37	136.78	198.57	132.88	169.73
Italy (91)	87.08	-1.3	67.23	73.07	68.81	73.82	-1.5	3.42	88.23	68.02	74.36	69.83	74.97	109.26	72.05	93.02
Japan (453)	143.99	-0.2	111.16	120.83	113.80	120.83	-0.7	0.71	144.29	111.25	121.63	114.23	121.63	197.26	106.58	162.87
Malaysia (34)	230.51	+0.7	177.95	193.42	182.15	240.67	+0.9	3.13	228.84	176.43	192.89	181.14	238.54	250.89	182.96	234.11
Mexico (12)	598.94	-0.4	462.37	502.59	473.31	1950.13	-0.4	0.35	601.32	463.61	506.87	475.97	1957.90	613.96	324.53	398.90
Netherland (41)	141.12	-1.1	108.94	118.42	111.52	110.30	-1.3	4.90	142.73	110.04	120.31	112.98	111.72	149.08	125.70	133.28
New Zealand (15)	48.40	-0.8	37.36	40.62	38.25	42.82	-1.2	7.93	48.77	37.60	41.11	38.60	43.34	75.36	41.18	62.65
Norway (30)	206.28	-1.0	159.24	173.10	163.01	167.08	-0.6	1.67	208.30	160.59	175.58	164.86	168.01	278.79	182.24	233.84
Singapore (25)	195.07	+1.6	150.59	163.69	154.15	155.11	+2.1	2.68	191.96	148.01	161.83	151.96	151.91	209.24	147.24	189.71
South Africa (60)	197.47	-1.8	152.45	165.70	156.05	137.03	+0.2	3.97	201.14	155.07	169.54	159.21	136.78	251.39	151.50	198.12
Spain (41)	165.49	-1.7	127.76	138.88	130.78	118.67	-1.8	4.78	168.40	129.83	141.95	133.29	120.87	182.25	128.54	149.14
Sweden (27)	192.76	+0.6	148.61	161.76	152.33	161.80	+1.0	2.55	191.56	147.71	161.49	151.65	160.24	234.98	146.80	184.38
Switzerland (65)	98.39	-1.4	75.95	82.57	77.76	79.57	-1.4	2.80	99.82	76.96	84.15	79.03	80.67	109.77	82.17	94.90
United Kingdom (296)	179.42	-0.6	138.51	150.54	141.77	138.51	-0.5	5.09	180.54	139.19	152.16	142.89	139.19	182.40	139.87	155.00
USA (526)	147.07	-1.2	113.54	123.42	116.23	147.07	-1.2	3.34	148.84	114.75	125.47	117.82	148.84	149.55	119.06	133.72
Europe (940)	147.57	-1.1	113.77	123.67	116.47	115.46	-1.1	4.06	149.01	114.88	125.61	117.95	116.74	157.65	124.91	138.22
Nordic (110)	192.73	-0.4	148.79	161.73	152.31	151.53	+0.1	2.06	193.43	149.13	163.05	153.11	151.43	229.29	155.55	190.36
Pacific Basin (650)	143.23	-0.2	110.57	120.19	113.19	120.94	-0.6	1.04	143.48	110.62	120.94	113.57	121.66	192.75	107.82	160.37
Euro-Pacific (1590)	145.29	-0.6	112.18	121.91	114.81	119.48	-0.8	2.30	146.10	112.64	123.14	115.64	120.44	174.16	116.03	151.77
North America (642)	146.30	-1.2	112.94	122.78	115.64	144.82	-1.2	3.35	148.08	114.13	124.79	117.19	146.53	148.87	119.26	133.89
Europe Ex. UK (644)	127.62	-1.4	98.52	107.11	100.88	101.89	-1.5	3.30	129.50	99.84	109.18	102.53	103.48	145.62	106.85	126.75
Pacific Ex. Japan (197)	133.50	+0.4	103.06	112.04	105.51	118.21	+0.3	5.22	133.03	102.56	112.15	105.31	117.86	146.72	111.40	129.93
World Ex. US (1778)	145.75	-0.6	112.52	122.31	115.18	119.93	-0.8	2.35	146.61	113.03	123.59	116.05	120.88	173.77	117.12	151.89
World Ex. UK (2008)	141.71	-0.8	109.40	118.92	112.00	127.42	-1.0	2.40	142.87	110.15	120.44	113.10	128.68	162.00	115.97	143.35
World Ex. So. Af. (2244)	144.74	-0.8	111.73	121.46	114.39	128.44	-0.9	2.68	145.88	112.47	122.98	115.48	129.66	161.84	118.04	144.05
World Ex. Japan (1851)	147.04	-1.1	113.51	123.40	116.22	132.45	-1.1	3.70	148.65	114.61	125.32	117.68	133.87	151.59	124.31	136.28
The World Index (2304)	145.05	-0.8	111.98	121.72	114.64	128.50	-0.9	2.69	146.21	112.73	123.25	115.74	129.70	162.05	118.33	144.38

Latest prices were unavailable for this edition.